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FINANCIAL TIMES

No. 27,376 Thursday October 6 1977 **12p

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 SCOTLAND

NEWS SUMMARY

GENERAL BUSINESS

Tory bid to win union votes

Conservative Party leaders are understood to be preparing a major policy document on industrial relations in an attempt to prevent an open split at next week's conference.

The party leaders have decided that a hard-line policy towards the unions could destroy their election chances and put the party in the wilderness if they are elected. Constituency workers feel that the votes of trade unionists must not be put in jeopardy. **Back Page**

Hospital visit

The Archbishop of Canterbury last night visited the Duchess of Kent in London's King Edward VII Hospital, where she is being treated for complications in her fourth pregnancy. The Duchess was reported to be comfortable.

Gandhi backlash

The Janata Government in India is facing hostile criticism from its supporters over the arrest and trial of Mrs. Gandhi, the former Prime Minister. However, the affair appears to have united the Congress Party behind Mrs. Gandhi and it is seeking the resignation of the Home Affairs Minister. **Page 6**

Republican shot

The leader of the Irish Republican Socialist Party, Mr. Seamus O'Donnell (38) was shot dead in Dublin yesterday as he sat in a market. Mr. Costello, who was the most wanted man in Northern Ireland, was the founder of the militant IRSP.

Uster talks

Mr. Roy Mason, Northern Ireland Secretary, has had talks with the leaders of the Official Unionist Party. It is understood to be the first in a series of meetings on administrative devolution that will be held with Uster's political parties. **Page 7**

Extradition move

Japan has started talks with Algeria for the extradition of five hijackers who seized a Japanese airliner last week. The Algerians have also been asked to return six members of the Japanese Red Army guerrilla movement—released from jail in exchange for the hijackers' hostages—and a \$3m ransom. **Page 6**

Schleyer meeting

Chancellor Helmut Schmidt has had talks with security advisers on the kidnapping of Hans-Martin Schleyer, the industrialist. Negotiations with the kidnappers, who are demanding the release from prison of 11 urban guerrillas, are reported to have broken down.

Concorde fight

New York and New Jersey Port Authority is to seek a stay of execution of last week's Appeal Court decision clearing the way for Concorde flights to Kennedy Airport.

Briefly . . .

Manchester United beat St. Etienne 2-0 at Home Park, Plymouth, last night to go through to the 2nd round of the European Cup Winners' Cup in Portugal on a 3-1 aggregate.

Gatwick Airport closed last night because of a strike by airport firemen over a grading dispute, is expected to reopen later today.

A £200,000 High Court action against Lloyds Bank by people who lost property in the 1971 Baker Street bank raid has been postponed until next week.

Flybe, the Dutch ketch, has arrived in Cape Town after completing the first leg of the Whitbread Round the World Race, beating the four-year-old record for the distance by three days. **Page 2**

Two men were each fined £250 by a Welsh court for stealing three peregrine falcon chicks from their nest.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISERS:

Treasury 1982	1119	+ 1
London 1982	1119	+ 1
London 1981	1119	+ 1
London 1980	1119	+ 1
London 1979	1119	+ 1
London 1978	1119	+ 1
London 1977	1119	+ 1
London 1976	1119	+ 1
London 1975	1119	+ 1
London 1974	1119	+ 1
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London 1902	1119	+ 1
London 1901	1119	+ 1
London 1900	1119	+ 1

FALLS:

S. Rhodesia 6pc 78-51	570	- 41
Beatson Clark	288	- 6
Kwik Save	110	- 13
Mathews (E.)	137	- 104
Reckitt and Colman	47	- 8
Sedwick Forbes	300	- 115
Moran Tea	47	- 3
Packo-Walshend	345	- 20

Cabinet split on how to deal with Ford pay claim

BY RICHARD EVANS, LOBBY EDITOR, in Brighton

Divisions are developing within the Cabinet over the Ford Motor Company pay claim that could decide the future of the Government's counter inflation strategy, and even the timing of the General Election.

Although a settlement of the claim is not expected before next week, at the earliest, Ministers are already adopting differing attitudes on how to react to what could be a significant breach of the 10 per cent pay code.

Some Ministers, including Mr. Callaghan, the Prime Minister, believe that a breach by a pacifying company like Ford could destroy the credibility of the voluntary pay code dangerously early in the current wages round, and could wreck the Government's target of single figure inflation by the middle of next year.

But others argue that Ford should be seen as a special case because of the productivity element likely to be in any settlement. They do not believe this would necessarily lead to excessive settlements throughout industry.

The Government's whole economic strategy, as well as Mr. Callaghan's election timing, is based on a continuing fall in the rate of inflation. The present signs are that the Prime Minister intends to go to the country next autumn at the earliest but collapse of the strategy could force him to go earlier and in less advantageous circumstances.

The dilemma facing the Prime Minister is that if Ford agrees to a settlement well in excess of 10 per cent, it would be a dangerous tactic to try to employ sanctions against such a powerful multinational company. Possibly at stake could be the

proposed £180m engine plant in South Wales which has been halted by Mr. Callaghan as an illustration of Britain's economic resurgence.

Mr. Albert Booth, Employment Secretary, warned Ford yesterday that it could not be regarded as a special case. "The Government is seeking to ensure that all settlements are within the Government's policy, including Ford's," he declared in Brighton.

Meanwhile Ford management continued to reject speculation that it had been involved in discussions with Ministers on the possibility of breaching the guidelines.

A spokesman said that the company was "negotiating with the unions, not with the Government."

The company hopes that Mr. Booth's statement may help to calm the situation and enable the speculation of recent days to subside before negotiations continue.

Mr. Moss Evans, general secretary-elect of the Transport and General Workers Union and leader of the union side in the Ford negotiations, added his voice yesterday to those saying there had been no discussions with Ministers.

"I cannot be bound by Government policy unless there is a statutory requirement to do so. We have decided to refer to free collective bargaining, but we will act responsibly," he was carrying out his union's policy and that of the TUC by negotiating freely.

A settlement at Ford marginally above the 10 per cent level would not be regarded by the Government as a disaster for its pay policy ambitions. But it would force the Government away from a firmly-held 10 per cent figure at an earlier stage in the wage round than it would have liked.

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Labour comes to terms with EEC membership

BY RICHARD EVANS

THE LABOUR PARTY finally came to terms with Common Market membership yesterday, and in what many ministers regard as a political watershed, united on a platform of substantial reform of EEC institutions.

Senior Ministers were clearly divided when a party conference debate showed that after 15 years of struggle to keep the party united, the party's formula had been found that appeared to satisfy both pro and anti-Marketiers.

The formula, proposed by Mr. Callaghan in a letter to Labour's National Executive Committee last week, is to commit the party to permanent membership of the Community, which satisfies the pro-Marketiers, while at the same time meeting most of the criticisms of the anti-Marketiers by calling for a series of major reforms.

Although the debate illustrated the continuing deep hostility within the party to the European Community, delegates approved the Callaghan formula in the quietest conference debate on the Common Market that Labour has had. It was a significant success for Labour's confidant stage-management on an issue that has been such a barrier to party unity.

The next stage in the development of the policy is a joint meeting of the Cabinet and the NEC later this month to discuss areas of agreement.

The two most significant speeches during the low-key debate came from Mr. Michael Foot for the NEC and from Mr. Bryan Gould MP for Southampton Test and one of the most articulate anti-Marketiers.

Mr. Foot, in recent months one of the bridge-builders between the pro and anti-Market factions in the Cabinet, skilfully developed a theme that satisfied both sides.

As a former convinced anti-Marketier, he called for a "drastic reform of the Common Agricultural Policy, the reassertion of authority of national Parliaments, and proper protection for the UK's economic, industrial, and regional policies."

He also stressed that the UK was committed to continuing membership of the European Community, while retaining the right to withdraw. His policy was to pursue the reforms first put forward by Hugh Gaitskell in the early 1960s.

Professional engineers' union recognition claim rejected

BY ALAN PIKE, LABOUR CORRESPONDENT

A RECOGNITION claim in the engineering industry by the non-TUC affiliated United Kingdom Association of Professional Engineers has been rejected by the Advisory, Conciliation and Arbitration Service despite overwhelming support from the members involved.

The decision will intensify the mounting controversy and hostility to representation of senior staff in the engineering, shipbuilding and related industries. The association will announce its reaction to the findings to-day, with the possibilities of a High Court challenge to the ACAS report and some form of industrial action.

ACAS, in a report published yesterday, does not approve a claim by the association to represent professional technical staff at Bedford Sites of W. H. Allen—part of Amalgamated Power Engineering Ltd.—in the interests of good industrial relations.

An ACAS survey found that 106 employees—79 per cent—in the areas where the association was seeking recognition, wished to be represented by the association, something which ACAS describes in its report as "very strong support within the area of its claim."

However, the report pointed out that under the Employment Protection Act the arbitration service is charged with the general duty of promoting the improvement of industrial relations.

"In our view recognition of UKAPE by the company for collective bargaining for the staff covered by their claim would be inconsistent with the existing procedural arrangements in the company and within the industry."

"A recommendation in favour of UKAPE would lead to further fragmentation of these arrangements and would not in our view promote the improvement of industrial relations."

"We also cannot disregard the implications for industrial relations within the engineering industry of any recommendation which would be strongly opposed by the Engineering Employers Federation and the Confederation of Shipbuilding and Engineering Unions respectively, the great majority of employers and workpeople in the industry."

The engineering federation and the confederation strongly

New cut in MLR expected tomorrow

BY MICHAEL BLANDEN

A FURTHER cut in the Bank of England's Minimum Lending Rate is expected tomorrow, after the renewed downward trend in the general level of short-term interest rates this week.

The money market is expected to come down by perhaps another 1/2 per cent, to 5 1/2 per cent, following the weekly Treasury bill tender. If this is confirmed tomorrow, it will bring renewed pressure on the big clearing banks to cut their own lending rates.

At present, the banks are operating on a base rate of 7 per cent. This is already above general short-term market levels, and has left them open to strong competition for lending business from U.S. and other banks in London.

The clearing banks have been reluctant to cut their deposit rates any further, but to take a drop in margins between deposit and loan rates. But the further reduction in market levels this week is likely to be hard to resist.

The Bank of England yesterday intervened in the money markets to give a signal to the discount houses, asking for moderation in the fall in rates.

The message, however, was less strict than the indication given last week that the Bank did not want any further fall in MLR.

Expectations of a fall helped to rally the gilt-edged market, where prices had been lower early in the day with falls of up to 3/4 at the long end.

These were more than made up by the end of the day, and with attention switching to the shorter stocks, prices at that end of the market showed gains of up to 1 point.

The Financial Times Government Securities Index rose 0.25 to 78.63. Dealers reported that official supplies in the 3 per cent, Exchequer stock 1985—a stock designed for high taxpayers, of which 5600m, was issued in August—could be exhausted today.

In spite of the fall in rates in London and the further upward trend in the U.S., the pound again met good demand in the foreign exchange markets.

Its trade-weighted index reached 62.5 at noon, though it came back to close unchanged at 62.4.

The Bank of England was again thought to have intervened in the morning to prevent any sharp rise. Sterling gained 12 points against the dollar at 81.572.

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Crucial stage in Mid-East initiative

BY DAVID BELL IN WASHINGTON AND ANTHONY McDERMOTT IN LONDON

THE INTENSIVE American Foreign Minister, and he is due to attempt to remove the obstacles to a new Geneva conference on the Middle East, reached a crucial stage yesterday after a long night of talks between President Carter and Mr. Moshe Dayan, Israel's Foreign Minister.

The official statements in Washington gave little indication of any significant Israeli concession on the crucial question of Palestinian participation at the Geneva conference. American officials, however, said yesterday that there were "other parts" to the working agreement that Mr. Dayan had mentioned, although they would not specify them.

Some Washington sources suggested that there may have been tentative agreement on a formula under which lower level members of the Palestine Liberation Organisation (PLO) would go to Geneva as part of a unified Arab delegation. After its first meeting the conference would split up into a combination of bilateral and multilateral committees to discuss the various issues to be resolved.

Such a scheme might both meet the Israeli preference for bilateral negotiations and fall in with Egyptian and Syrian desires to negotiate bilaterally with the Israeli occupation of Sinai and the Golan Heights. A multilateral committee on the West Bank would be one procedural way of getting round the representational problems of Israel, Jordan and the Palestinians.

It is far from clear, however, that such an arrangement would satisfy the Palestinians. On the other hand some U.S. officials hope that the Palestinians may consider this the best opportunity they will have for a long time to take part in talks. Yesterday Mr. Cyrus Vance, U.S. Secretary of State, discussed the Israeli talks, with Mr. Adhel Halim Unadham, the Syrian

President Carter said yesterday that, after six hours of talks the previous night, the possibility of a Geneva conference had been enhanced. But he added: "We obviously have a difficult job." Nor would he be drawn on the nature of the agreement tentatively reached with Israel in the early hours of yesterday morning in New York.

Mr. Dayan was equally non-committal. He said that the U.S. and Israel had agreed on a "working paper" and that he was urging his government to accept proposals for procedures which would enable Israel to attend a reconvened Geneva meeting. These were now being considered urgently by the Begin Government.

The Foreign Minister was adamant that Israel had not agreed—and would not agree—to negotiate directly with the Palestine Liberation Organisation, the establishment of a Palestinian state, although he left open the question of the vaguer "Palestinian entity."

The joint statement issued by Israel and the U.S. after the meeting was clearly designed to consider Israel's concerns. In particular, and in contrast to the week-end U.S.-Soviet declaration on the subject, it emphasised that "Security Council resolutions 242 and 338 remain the agreed basis for the resumption of the Geneva peace conference." Further "acceptance of the joint U.S.-USSR statement . . . is not a prerequisite for reconvening and conduct of the Geneva conference."

In Israel the storm which had permeated the Government circles since the publication of the joint U.S.-Soviet statement lifted in reaction to the news of the

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The Dragon Variation

by B. A. YOUNG

I saw this play by Robert King about four years ago and thought it a decent bit of entertainment, though the holes in the plot were glaring. It seems to have been re-written somewhat since then: the holes in the plot are still glaring, but there is less incoherent amusement because the plot has become incredible.

It is no secret that Roy Dotrice plays several parts, for the programme bills him as "The Stranger" and we have seen two other characters by the middle of Act I who do not appear in the cast list. His parts are in order: John Smith, who comes up to the cottage of Ellen Blake by night and possibly rapes her, for the curtain is dropped on them and their adventure is never pursued. Roger Mitford, a small squire, with a regimental blazer and a MCC tie, who thinks he is a success charlet while he is

smoking a pipe. Porteous Larimore, a dotty homosexual actor, alleged to write verse and to cook. Owen Glendower, a caricatured Welsh schoolmaster. Paul Duval, a French hero of the Resistance. Philip Lester, a repertory actor, approaching middle age.

Ellen Blake is the widow of a nasty Tory MP. She is being played by his nephew, who pro-

The Entertainment Guide is on Page 20

poses to write a book suggesting that she murdered her husband by fixing his car. Ellen calls in several of her protean friends to see her through this crisis; but the basic reason for their existence is no more than her kinky delight in having a man to play these parts for her, like the people in Pinter's *The Lover*, only more so. Exactly how the

play ends I must not disclose, but I should be surprised if anyone really cared after sitting through so many unbelievable events.

Roy Dotrice goes through his repertory with the efficiency of an old-time variety performer, and gosh! actually does one of his transformations on stage: Ellen is played by Nyree Dawn Porter with a complete absence of character, but she wears some smashing clothes. By Brian Castle. Why Anthony Andrews should give the nephew of a Tory Minister a Cockney accent is beyond my understanding; perhaps he thinks it makes him nastier, for the truth is he is the least nasty of the three.

Marc Miller is the director, and the cottage sitting-room, which opens on to the stage through one door but has two other entrances for the tradesmen, is the work of the late Jay Hutchinson Scott.



Anthony Andrews, Roy Dotrice and Nyree Dawn Porter

Tower of London

Choir of St. Peter ad Vincula

by ARTHUR JACOBS

A Yeoman Warder and a have been trained to join in cul-
 scribed our tickets at the Three movements from Marcel
 gate, and armed sentries Christopher Tyss's 16th-century
 patrolled her path. It was a *Euge Bone* Mass, given under
 curious experience to attend a Mr. Williams' lively and flexible
 concert within the Tower of direction, made a splendid start
 London on Tuesday, as though two new works, especially
 history were lending its own edge written for the choir, graced the
 to the old musical jokes: "What occasion, Alan Ridout's, the
 do you think about her wheel is a cycle of anagrams
 execution?" "I'm in favour of tracing the church's year, with
 unusual accompaniment for solo
 Happily, no such severe oboe and bassoon. (Jane
 criticism came to mind during Marshall and Robert Kennard,
 the admirable performance by including a brilliant setting of
 the choir of the Chapel Royal Gerard Manley Hopkins' Easter
 of St. Peter ad Vincula. Though which must surely be in separate
 in an ancient building, the choir demand for services. Chris-
 is not the inheritor of historic topher Brown's even such is
 musical tradition. John R. time, to words by Sir Walter
 Williams was established in the Raleigh's less striking, both as
 new post of Organist and Master a musical conception and as a
 of the Music as late as 1865. treatment of the text. In these
 Tuesday's concert demonstrated works, the choir's loud singing
 his considerable achievement: exposed its only serious fault—
 the choir sang with a fullness of poor enunciation, consonants
 sound and exactness: of in-being often dropped, and dis-
 tonation (except at the very end) concerning in Mr. Brown's plea
 which must make it one of the to have the affirmation "I trust"
 best in London. Male solos are instead of "I trust".
 used, and the female sopranos At the Chapel's rebuilt organ,

Margaret Phillips's contributions included a dazzling piece of modern, triviality by Marcel Dupré (*Variations on a French Carol*) and a noble *Offertory* from an Organ Mass by François Couperin. Miss Phillips is both a vigorous and a sensitive artist, and I bore with impatience the usual ecclesiastical handicap of not seeing her play while I heard her.

Theatre Royal, Drury Lane

Carole Bayer Sager

Carole Bayer Sager hounded on to the stage of the Theatre Royal, Drury Lane, on Sunday full of nerves and excitement. It was a big occasion for a girl who had never sung in public a year ago but she got through it, thanks to her charm and her attraction. As she never tired of saying her voice is not that hot.

The justification for her appearance is that she has written the words of a succession of pop standards over the past decade, starting with "A groovy kind of love" and culminating this year with a string of hits, including "When I need you" for Leo Sayer. "Nobody does it better" for Carly Simon; and her own recording, "You're moving out to-day". Suddenly she is some kind of star.

Concentrating on her own material the evening was more of a personal than musical success. She had taken trouble with her band and there were nice special effects with a mirror moving round behind stage to give a two dimensional view of things. Carole Sager's own mixture of innocence and sophistication also helped. The only problem in fact was the voice which will never be loved for its own sake. But being spritely and orally and grateful and able to afford a good backing group was more than enough to ensure a minor and quite deserved triumph.

ANTONY THORNCROFT

Record Review

Concertos and Sonatas

by DOMINIC GILL

Piano Concertos by Brahms, Grieg, Schumann, Chalkovsky, Liszt, Soloman with the Philharmonia Orchestra/Various conductors. EMI SLS 5004 (4-disc box, £3.95)

Beethoven: Violin sonatas, complete. Heifetz, Bay/Smith. RCA 42004 (5-disc box, £9.96)

Brahms: Cello sonatas. Piatigorsky, Rubinstein. RCA RL 12085 (2.49)

Brahms: Piano concerto No. 2. Maurizio Pollini, Wiener Philharmoniker/Abbado. DGG 2830 790 (2.85)

His account of the Chalkovsky B flat minor concerto of 1949 is one of the few I know on record (though different entirely in musical outlook and conception) worthy to stand beside the unique, nerve-shattering recording made in the same year by Horowitz with the NBC Symphony under Toscanini. The boom bass, and slightly distant acoustic, are both characteristic of a 78 transfer; but playing is of matchless breadth and energy, melting innocence, elfin sparkle, fearful energy. As a second disc filler for the fourth disc, EMI have chosen Soloman's exhilarating, dark-grained account of Liszt's *Hungarian Fantasia* under Susskind. Memorable set.

Most readers of this column will probably already possess at least some of the complete cycle of Beethoven violin sonatas recorded by Soloman with the Philharmonia under various conductors for HMV between 1947 and 1956.

The Grieg and the Schumann performances are the most recent: both are conducted by Herbert Menges, and both date from September 1956. They are the only two in real stereo; but the transfers for the set are all of them well made, and the sound-quality of the others—the Brahms concertos—and to that, for example, recorded in 1952 and now in reprocessed stereo, or the earlier Brahms B flat, recorded in mono under Issay Drobzhen in 1947, transferred here from a fairly scratchy master—is still entirely acceptable.

And the performances themselves, in any case, still all doubt: quintessentially Soloman—the first movement of the Grieg, a marvellous fusion of classical restraint and romantic excitement; an adagio of transcendental simplicity and purity, poised on the edge of grandeur; a final movement of humorous energy and good humour, grandly vulgar in its final climax.

There is a quicksilver radiance to Soloman's performances of the Schumann and of both the Brahms D minor especially a clarity, pungency and grace—which speaks of no other pianist.

I specially liked Bay's freshness and forward tilt in the A major op. 12, and as a foil to the far more complex Heifetz, the gentleness and simplicity of his support in op. 23.

These Piatigorsky-Rubinstein performances of the Brahms sonatas were recorded in the late 1920s, but not issued until this year. They are dedicated by Rubinstein "in homage to my dear old and much regretted friend, Gregor Piatigorsky, in memory of our happy and unforgettable collaborations," and prove to be collaborations of great wisdom and affection: from Piatigorsky, a faultless, absorbing, fine-grained tone, and unforgettably in the F major sonata, a ravishing *adagio affettuoso*. Balance, far from being weighted (as another reviewer found it) heavily in Rubinstein's favour, I hear as wholly apt, stylish and natural—rather solo cello with distant piano accompaniment, but a true and equal partnership whose balance, constantly shifting, is dictated by the demands of the music. Excellent sound.

DGG's new disc of Brahms's B flat piano concerto, played by the Wiener Philharmoniker under Abbado, with Maurizio Pollini, is an exciting new issue. While praising the performance, a colleague nonetheless confessed to feeling "like a man who has ordered beefsteak and been served with nothing more than a delicately succulent plate of Parma ham and maiton." I can't see the simile at all. There is here far less of the icy perfection and patrician reserve which have characterised some of Pollini's recent records. As ever, the most different sorts of rhythmic major op. 12 No. 2.

Heifetz made his original recording of the "Kreutzer" sonata with Mosewitsch in the early 1950s; but RCA include here a later version from 1960 with Brooks Smith as accompanist. Some have found Emanuel Bay too reticent a pianist, too much of an accompanist; but this recording is a playing that has the character of a Haskil, Ohorin or Panenka—but it is by no means faceless.

Book Reviews are on Page 30

jected Beethoven violin sonata cycles that RCA should reissue as a single set (and until next February, at bargain prices) the greatest cycle of all since that of Kreisler and Rupp in the 1930s. There is a miraculous purity of line and tone in each of these Heifetz performances; and that blend, instantly recognisable, of quickness and elegance with marvellous lyrical intensity (sparingly used, never augured nor over-indulged)—shown to perfection in the adagio of the Spring sonata, or the andante of the A major op. 12 No. 2.

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Pizza Express, Dean St., W.1.

McCorkle/Waters

by KEVIN HENRIQUES

Susannah McCorkle is an American-born girl who started as a jazz singer only when she came to London some five years ago. As I noted on this page in February, she has a refreshing love and respect for lyrics, especially those penned by the truly great and durable writers of great and durable songs. She is already recorded on a double with Harry Warren album, another devoted to Johnny Mercer is on the way. Last Friday at Pizza Express she sang a tribute to Ira Gershwin.

As well as the familiar collaborations with brother George, she did not neglect Ira's other song-writing partners—Vernon Duke ("I can't get started") and Kurt Weill ("My Ship") to name two. To all she brought that genuine sensitivity and feeling for words which make her a special kind of interpreter: a singer. Tenor-saxist Danny Moss added some equally sensitive, sensuous lines behind her.

A felicitous, imaginative con-

cept this, devoting an evening to one composer or lyricist, things with some sadness too as was Susannah McCorkle's last public appearance before leaving this week to settle in New York where there are more opportunities for her style of singing. Her most compatible accompanist/musical director Keith Ingham followed soon, a double loss to London's jazz scene.

The following night melody was still rampant, this time gushing from the redoubtable, and completely new venue for jazz in London where, in basement premises listeners can eat pizzas as they listen to jazz and in so doing salve their artistic consciences because every Pizza Venezia sold brings 5p to the charity. All musical styles save avant-garde are catered for. Forthcoming visitors include pianist Sir Charles Thompson (this Friday and Saturday) and singer Adelaide Hall (October 21) who records with Duke Ellington in the 1920s.

Visiting firemen are specially welcome at the Pizza Express, a completely new venue for jazz in London where, in basement premises listeners can eat pizzas as they listen to jazz and in so doing salve their artistic consciences because every Pizza Venezia sold brings 5p to the charity. All musical styles save avant-garde are catered for. Forthcoming visitors include pianist Sir Charles Thompson (this Friday and Saturday) and singer Adelaide Hall (October 21) who records with Duke Ellington in the 1920s.

Arts news in brief

The BEC classical music season, which begins this week, includes 12 new commissions at a cost to the Corporation of £5,000. There will also be U.K. premières of works by Zender, Sinopoli and Lohstein. Plans for securing the Russian maestro Rothshveny as principal conductor are progressing, and it is hoped that he will take up his post next October.

This week, Cartier Paris is displaying some of the original clocks and watches from its private collection in London. The exhibition at Les Murs de Cartier boutique in Knightsbridge, includes the first wrist-watch which was made by Cartier for the Duke of Santos in 1903. Among the array of jewelled clocks in ornate art deco styles, is one created for King-Farouk of Egypt. The exhibition is then on display in Manchester and Dublin before returning to Cartier in Bond Street at the end of the month.

In August the Royal Opera House announced that Natalia Makarova was expecting a baby early in 1978 and had cancelled

all her scheduled performances. As a result, on November 2, 10 and 12 Lynn Seymour will replace Makarova as Princess Aurora in *The Sleeping Beauty*. Miss Seymour, who was scheduled to dance Carabosse at these performances, will be replaced by Monica Mason on November 2 and 10, and by Sandra Conley on November 10, 11 and 12.

On Monday, The Fires of London, with their director Peter Maxwell Davies, and with the support of the British Council, left for their second tour of Hungary.

Seymour will replace Makarova in *Voluntaries* and on November 12, 25 and 28, Merle Park will replace her as Odette/Odile in *Swan Lake*.

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Chambers awards winners

The winners of the first annual Chambers Awards scheme for Scottish writers have been announced. Winner of the non-fiction section is Frank Worsdale, a Glasgow historian, who receives £1,000 for an architectural and social study of the Glasgow tenement.

In the fiction section the judges were unable to decide between two works, widely different in character, which they felt both merited an award. Their unanimous decision was

that the award should be given jointly to Jeremy Bruce-Watt, the Edinburgh journalist, broadcaster, and Stewart Hutchison, a graphic designer, also from Edinburgh. Each will receive £500. Mr. Bruce-Watt's novel is set in the New Town of Edinburgh. Mr. Hutchison's begins with a group of schoolboys—and one schoolgirl—in Fife and ends with a typhoon off Hong Kong.

All three of the prize-winning works, and possibly further entries, will be published by Chambers

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Eitetsu Hayashi beating the Great Drum

Sadler's Wells Ondeko-za

by CLEMENT CRISP

The title of this Japanese folk art troupe means "Demon Drum" and he it said at once that they are demons for drumming. No great devotee of the jungle-thump of stick on animal skin, I had to flee the theatre before the end of the programme, lest six different sorts of migraine set in, but until the culminating harrage of drumming, the evening had a different and by no means unentertaining air.

The members of the Ondeko-za group are athletic commandos, dedicated to the perpetuation of folk art, living and working and training on an island in the Japanese Sea. They play flute and shamisen and drum, dance and sing, and find long-distance running a suitable preparation for their daily tasks.

Their performance is, as you may infer, slightly obsessive in manner, with high seriousness and a certain air of muscular determination.

The most interesting material I found in the first half: an opening duet for two *shukabachi*, those horizontal flutes which, breathy tone seems as old as time itself, and a modern composition

for seven percussionists by Maki Ishii. This *Monochrome II* was written last year for Ondeko-za, and though the programme notes its length as a forbidding "16 minutes 30 seconds" I thought the contrast between the faintest zhestiest ppp and a ferocious, rhythmic *ff* wonderfully absorbing.

Elsewhere in the evening there are dances inspired by the ideas of Bunraku puppets (very clever-looking with falling snow, but incomprehensible as drama), and a sword dance, which proclaimed itself strenuous, and looked merely repetitive. Rather more to the point were the interludes of folk music, most coolly done, and the appearance of Odoko, The Great Drum. This monster, running on a single tree trunk, and has a roar like Concorde.

Two gentlemen in white lion cloths, but the living daylight, out of it, spurred on by their companions and frenzy was all immediately after this. The group settled down to a session on a further set of heavy-weight drums, and I knew the moment had come for me to flee, taking just the first delicate bloom of a headache with me.

Soho Poly Death Raises

I cannot imagine anyone warming to a play about a mad scientist attempting to raise Hitler from the dead in a bizarre Heath Robinson setting of lights, wires, plugs and flashing light bulbs. The professor is interrupted by a South African lady guerrilla demanding that he use his apparatus to bring back Jesus Christ as a revolutionary spokesman for the Third World, a scheme hatched to a nearby Chinese take-away and spurred on by the availability of a Holy Shroud.

When the machinery is cranked into operation, a combination of Christ and Hitler emerges in human form, daubed in swastikas of blood and begging sympathy for the lot of a homeless Jew-hater sentenced to another painful life on earth.

As if that was not enough, large stodge wedges of Alan Passes' lunchtime play are given over to a mind-numbing discussion between the scientist and the guerrilla about the legacy of guilt, and the 25 chamber murders as an essential constituent of the Third World struggle. It is all, in short, utter baloney.

About the author's indignant direction there is nothing to say except that Terry Palmer, Pamela Oueruever and Bob Foddy set about this tawdry drivel with a devotion so kind that I am forced to conclude that they see more in their text than was apparent to this reviewer. I could not extract myself from this usually reliable venue smartly enough.

MICHAEL COVENEY

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THE HEART OF LONDON

EUROPEAN NEWS

Italian parties agree to avoid danger of local polls

BY DOMINICK J. COYLE

IMPORTANT local elections, due to be held next month, have been postponed until the late spring of 1978, thus removing what could have been a serious threat to the life of the present minority Christian Democrat government of Sig. Giulio Andreotti.

The decision, supported by the Communist Party which, by abstention in parliament, maintains the government in office, holds out the prospect that the seemingly fragile Andreotti administration could have, by Italian standards, a protracted life. The average life of Italian governments since 1945 has been less than one year.

The risk was that the elections, due next month, could have demonstrated a marginal shift in electoral support away from the Communist and four other, smaller parties is holding.

people on the left of the Communist Party. The prospect now is for the elections to take place in May or June of next year, or immediately prior to President Giovanni Leone entering the final six months of his presidency.

The Communist leadership, for its part, agreed to postpone the local elections, fearing a backlash from some of its traditional supporters who appear confused at the sight of the Communists maintaining a Christian Democrat government in office.

At most points in the political spectrum, excluding the neo-fascists and the extreme Left, there are clear indications that, for the moment, all the main parties want to avoid a new crisis.

New orders indicate W. German economic ills overstated

BY ADRIAN DICKS

NEW ORDERS to West German manufacturing industry picked up by 3.5 per cent during August, with a particularly strong push coming from overseas orders to the motor industry, the Economics Ministry reported today.

The new orders figures, like yesterday's modest decline in unemployment, need to be treated with caution. On the two-month comparison which the Ministry itself believes to be more accurate than the monthly changes, July/August showed a 1.5 per cent decline in new orders from May/June, and was substantially below the level of the new orders index during the spring months.

The federal coalition of Social and Free Democrats can, however, hardly contemplate unscrambling the tax cut compromise reached only after months of careful negotiation.

BONN, Oct. 6

A 33 per cent increase in road-building orders, in particular, suggests that the chronically under-employed construction sector may already have felt some benefit from the Government's DM15.5bn. medium-term investment programme launched in March, although ministers have been complaining that it has taken too long for this to be translated into new orders by local authorities.

Meanwhile the Bonn Government's refashioning package, announced last month, has run into serious delay in the Bundestag, the Federal Upper House representing the State Governments. Lower Saxony, controlled by a Free Democratic-Christian Democratic coalition, has blocked the tax amendment bill because the CDU objects to the raising of the basic allowance as a form of generalised tax cut.

The federal coalition of Social and Free Democrats can, however, hardly contemplate unscrambling the tax cut compromise reached only after months of careful negotiation.

Barre cautions employers on pay and prices control

BY DAVID CURRY

A STERN warning about the need for continued discipline in the limitation of price and wage increases was given by M. Raymond Barre, the French Prime Minister, in an address to employers from the Paris region yesterday.

"Don't get the idea that at the end of the year you will have the Barre plan (the Government's anti-inflation programme) behind you and the freedom to do whatever you like," he cautioned. "You may perhaps have the Barre plan behind you but you will still face international competition, the rise in oil prices and all the rest—and that is something I don't control."

M. Barre pledged that the Government would not induce recession and systematic deflation to bring about economic recovery but he emphasised that the "fundamental rule" over the foreseeable future was discipline in the matter of pay, he said and added: "There can be no question of abandoning the regulation of prices."

He warned that the international economic situation was poor and that "it will not get better in weeks or months."

The Government had chosen to make its priority objectives the correction of the balance of payment deficit and the maintenance of the external value of the franc. Fighting on this "external front" was vital to enable France to finance her energy imports while she pressed ahead with the nuclear power programme, M. Barre commented.

The Prime Minister warned once again his fear that the approach of the general election due in March next year would dampen the economic recovery. He urged his audience "to see like people taking charge of a dynamic country and not like people hanging back to see what comes out of the ballot box."

M. Barre had a small piece of good news under his belt when he spoke. Following the settlement within the official "guidelines" of the wage claims for the Paris transport system a month ago, the country's inflation rate now accepted a smaller deal. They will get a 1 per cent real increase in purchasing power for 1977 if the present economic targets are met and a 2.2 per cent increase if price increases are more than 10 per cent.

More austerity for Portugal

BY OUR OWN CORRESPONDENT

SR. SOUSA COMES, the Portuguese Planning Minister, said today on his return from the meetings of the International Monetary Fund and the World Bank in Washington that the government must reduce its budget deficit further to satisfy demands from foreign lenders, actual and potential.

He said that the government will concentrate next year even more intensively on reducing food imports and on restricting investment to the promotion of exports.

The country can no longer afford to resuscitate internal production by increasing external debts, Sr. Gomes said. But he accused the IMF of "an excessively conservative approach in monetary and financial policy."

He said a country can reduce its deficit through stagnation or recession, or can adopt measures allowing minimum growth so as to guarantee development of internal production.

The minister added that once the government and the IMF had reached agreement, Portugal could apply for credits from the new special facility of the Fund. It remains to be seen, however, if the loan can solve the economic crisis, Portugal imports over half its food, its population has increased by 5 per cent, with the influx of refugees from Africa. In spite of restrictive measures — import quotas, high taxes, an increased sales tax, high interest rates — the trade deficit for the first eight months of 1977 reached a record high of Esc.1.6bn. (1.6bn.), while exports totalled Esc.477m. Exports, largely generated by private companies, have not the capacity to improve rapidly.

President Eanes has appointed a committee of economic specialists from various political groups to prepare a White Paper on the economy. The president is to make an important speech at the opening of Parliament on October 15.

New gas deposits figure

BY JONATHAN CARR

MOBIL OIL AG of West Germany said today it believed the country may have much bigger natural gas reserves than official estimates have so far suggested.

The company was careful to make clear that new and costly deposits would be needed to exploit the gas. Nonetheless, the announcement takes on particular significance in view of West Germany's great dependence on imported energy and the uncertainty at present surrounding the future here of nuclear power.

BONN, Oct. 6

cent of the gas comes from domestic sources — the rest chiefly from the Netherlands and the Soviet Union.

Under the Government's latest energy estimates, natural gas is intended to account for 17 per cent of energy consumption in 1980 and 18 per cent in 1985.

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THE EAST GERMAN ECONOMY Hard currency times BY LESLIE COLITT, IN EAST BERLIN EAST Germany's Communist Party is taking a risk at an unusual move for the normally very cautious and security-conscious leadership of the country.

Bonn joins human rights chorus

BY REGINALD DALE, EUROPEAN EDITOR

WEST GERMANY and Sweden joined the mounting chorus of Western disapproval of human rights violations by the Soviet Union and other East-bloc countries as the 35-nation Belgrade Conference on Security and Co-operation in Europe went into its second day.

The U.S. is also expected to take a tough line when its turn comes to address the conference here to-morrow, but hopes are now rising on the Western side that a damaging clash with the Soviet Union can be avoided.

The federal coalition of Social and Free Democrats can, however, hardly contemplate unscrambling the tax cut compromise reached only after months of careful negotiation.

Both Bulgaria and Czechoslovakia blamed the West for refusing to agree to a joint commitment not to first to use nuclear weapons, and blamed the West's fault for stalling the Vienna negotiations for force reductions in Central Europe.

Belgrade, Oct. 6. The likely Soviet response to the Western charges was shadowed to-day by a Soviet spokesman who claimed that reactionary forces were trying to undermine détente.

Schilling recovery lifts reserves

BY PAUL LENDVAI

PRESENTING the Government's austerity measures to the Austrian Parliament to-day, Dr. Bruno Kreisky, the Federal Chancellor, expressed satisfaction that the recent flurry of speculation against the Austrian schilling has been considerably reversed, bringing a considerable influx of foreign exchange this week.

The schilling continued to strengthen to-day, the rate for DM100 dropping to 718.85 from 714.75 last Friday.

VIENNA, Oct. 5. cent to 30 per cent, effective next January, on cars, jewelry, furs, cameras and a wide range of upper grade consumer goods.

Meanwhile, the Federal Reserve Bank today said in a new report that the U.S. economy is now the third largest in Europe after those of Switzerland and West Germany, he said.

Dutch coalition problem

BY MICHAEL VAN OS

ATTEMPTS to form a new coalition Government in Holland have run into fresh difficulties, with the two major parties concerned quarrelling over the distribution of Cabinet portfolios.

AMSTERDAM, Oct. 6. remained in office since the election because the outgoing administration has stayed on in a caretaker capacity.

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FIDELITY PACIFIC FUND S.A. Notice of Annual General Meeting of Shareholders October 21, 1977 Please take notice that the Annual General Meeting of Shareholders of Fidelity Pacific Fund S.A. (the "Corporation") will take place at 2:00 p.m. at the Corporation's Principal Office, Outerbridge Building, Pitts Bay Road, Pembroke, Bermuda, on October 21, 1977.

Handwritten signature: J. Polio

AMERICAN NEWS

Schultze foresees need for tax cuts

WASHINGTON, Oct. 5. TAX CUTS may be needed to stimulate flagging consumer demand next year, Mr. Charles Schultze, the chairman of the Council of Economic Advisors (CEA), said in Detroit yesterday.

Mr. Schultze was in his customary optimistic mood, insisting that fears of either "substantially slower economic growth" or even an "outright recession" were "unwarranted." But he noted that by the middle of next year the economy may be in need of a further boost as the recovery gets into its "middle age."

The reference to the need for tax cuts is a further sign of the debate going on inside the Administration about the reform package being considered by the President. The CEA is arguing for maximum flexibility to introduce a cut if needed next year and fears that if such a cut is proposed by the President in the main body of the tax reform plan it could get stuck in Congress for months.

Part of Mr. Schultze's speech appeared to be an oblique warning to the Federal Reserve Board not to push interest rates much higher. He argued that the recent large increases in the money supply could reflect a "slowdown" in the velocity of money, that is the speed with which money passes from hand to hand. "If attention is concentrated exclusively on the rate of change in the money supply, while the influence of changes in velocity is ignored, monetary developments may be seriously misinterpreted."

Peru election date named

LIMA, Oct. 5. THE PERUVIAN government scheduled for next year elections to a constitutional convention which would prepare for a return to civilian rule within four years.

But the military government, in announcing that the voting will be on June 4, left open the question of whether all the delegates to the convention would be elected, or whether some would be appointed by the government.

The convention would open a month after the polling and would work on a new constitution until July 1979, the Government said. Under the vaguely defined procedure mentioned earlier this year by the President, Gen. Francisco Morales Bermudez, legislative and presidential elections would be held in 1980. UPI

Carter calls meeting on crisis in steel industry

BY STEWART FLEMING

NEW YORK, Oct. 5.

RESPONDING to mounting political pressures at home, the Carter administration today called a top level meeting of Congressmen, steel industry executives and labour leaders for Thursday of next week.

Top administration officials, including Mr. Charles Schultze, Chairman of the Council of Economic Advisors, and Mr. Michael Blumenthal, the Treasury Secretary, will attend the meeting along with Mr. Edgar Speer, chairman of United States Steel and Mr. Lloyd McBride, president of the powerful United Steel Workers Union. The White House said that President Carter would also attend part of the meeting.

The decision to call the meeting is clearly an attempt to head off some of the severe political pressure which the President is under to stem the tide of foreign steel imports which are capturing close to 20 per cent of the U.S. market and which industry leaders are blaming for the spreading unemployment and financial problems in the industry.

In addition, however, the administration has its eyes clearly

set on two dates now approaching. The first is November 30, when the OECD steel committee talks are expected to resume in Paris. The second is January 17, when Congress returns following its Christmas break.

Administration officials confess that unless they can come up with some concrete proposals to satisfy the powerful steel caucus groups of 100 members of the House of Representatives and 25 Senators, almost one quarter of both Houses, then Congress will act to try and force through protectionist legislation to help the steel industry.

There are also fears that, unless the administration can take the initiative, there is a danger that the industry and labour groups which claim they have been suffering from imports—including the textiles sector, television receiver manufacturers—and shoe manufacturers—will come together and form a coalition of protectionist interests which might eventually threaten the trade liberalisation talks in Geneva.

A measure of the mounting concern in the administration was last week's announcement by President Carter of a special

task force headed by the Under Secretary of the Treasury, Mr. Anthony Solomon.

Administration officials were anxious today to dispel any suggestion that the red flag of the administration is hoisting over the steel industry is aimed at coercing or threatening the Japanese or Common Market steel makers, and stressed that it is a reflection of the domestic political situation.

Supporting evidence for this is Mr. Robert Strauss's remarks over the week-end when he publicly toyed with the possibility of steel quotas, a policy option which previously the administration had kept at the bottom of its list.

As if to reassure the industry that anti-dumping action can be an effective deterrent to unfair import competition, earlier this week the Treasury announced that it had made a tentative finding that five Japanese manufacturers were dumping carbon steel plates in U.S. markets. That finding was based on the Treasury's own estimates of Japanese production costs since Japanese producers had refused to provide detailed cost information.

Wells Fargo lifts prime rate to 7 1/2%

NEW YORK, Oct. 5. IN A move which has confirmed fears on Wall Street of rising interest rates, Wells Fargo Bank (the fifth largest U.S. commercial bank, with assets of nearly \$13bn.) has announced an increase in its prime lending rate from 7 1/4 to 7 1/2 per cent.

The move represents the first upward move in prime rates from the 7 1/4 per cent level established last month when Chase Manhattan Bank moved up from 7 per cent.

Wells Fargo said it was reacting to the rising cost since then of the funds which it takes from the money markets, and rising short-term interest rates generally.

It is widely expected that other banks will follow Wells Fargo's lead. Last week, Citibank, which bases its prime rate on a formula linking it to money market interest rates, could have increased its prime to 7 1/2 per cent, but hung back. It is thought that the bank will make the change this week.

TriStar plant strike threat

BY OUR OWN CORRESPONDENT

NEW YORK, Oct. 5.

MEMBERS of the International Association of Machinists and Aerospace Workers' Union have called a week-end meeting to decide whether to strike at Lockheed's aircraft plants, including the one which makes the TriStar jet.

The workers' contract runs out at 12.01 a.m. on Monday. The machinists will consider whether to call a strike at Lockheed California in Burbank, at Palmdale where the TriStar is planned, and at the company's facility in Marietta, Georgia.

Members of the machinists' union have already walked off their jobs at the Boeing Company's plants.

About 90,000 union workers who belong to the Machinists' Union and the United Auto Workers' Union are affected by contract negotiations now reaching a climax in the aerospace industry.

Boeing is expected to reach a settlement which will set a pattern for agreement at other made, and at the company's plants, including the Lockheed and McDonnell Douglas units.

Imported cars sell well in U.S.

BY OUR OWN CORRESPONDENT

NEW YORK, Oct. 5.

NEW U.S. car sales rose by an estimated 4 per cent in September, compared with September, 1976, largely because of a further strong gain by imported models.

Preliminary figures suggest that domestic car sales by U.S. manufacturers rose by only 1.9 per cent in the month, and that sales of foreign

imported cars increased by close to 16 per cent.

The U.S. car manufacturers reported that they sold about 656,000 units in the month, compared with 644,423 in September of last year. This total was considerably lower than estimates that sales would be about 700,000 for September. The shortfall is causing concern in Detroit.

Senate votes to deregulate gas price

By David Bell

WASHINGTON, Oct. 5.

THE U.S. Senate finally made up its mind yesterday on the issue of natural gas prices and voted by a small majority to deregulate the price of gas completely within two years.

The vote, which came at the end of 14 days and one whole night of filibuster by opponents of deregulation, was a serious rebuff for the Administration. But it is by no means the end of its attempts to continue regulation of natural gas. The issue now goes before a Committee of the House and the Senate, where an acceptable compromise may be in the offing. The House has already voted for continued controls.

President Carter last night told reporters that the Senate's vote was unacceptable to the Administration and was "an insult to the working people of this country." Sen. Henry Jackson, the Chairman of the Senate Energy Committee, echoed this but said he was still hopeful of a final compromise.

Yesterday's vote would allow the price of new natural gas to rise from about \$1.46 now to \$2.48 within two years before the price ceiling was removed altogether. Although the vote applies only to newly discovered natural gas, opponents of deregulation have calculated that this price rise alone could cost consumers an extra \$10bn. a year.

While the Senate moved today to discuss other aspects of the President's energy Bill, it was clear that the way in which the Democratic leadership forced an end to the filibuster has left a legacy of bitterness which may further complicate the President's relationships with the Senate.

In particular, some liberal Senators who thought they had administration support for their fight against deregulation are angry with Mr. Carter and even angry with Sen. Robert Byrd, the Democratic leader in the Senate. They feel that he paid insufficient attention to their concerns and some have been saying openly that he has too much power. Any open rebellion against Sen. Byrd seems unlikely, but were it to occur it would serve only to underline the increasingly independent mood of senators. This in turn makes it increasingly difficult for the administration to get legislation through unscathed.



Despite the wall of advertisements few find jobs — the rest tend to become employed in extortion rackets.

RISING CRIME IN SAN FRANCISCO Chinatown's gang violence

BY ART GARCIA, IN SAN FRANCISCO

PROBABLY no other American city enjoys the romantic reputation of San Francisco, with its hills, bridges and cable cars and its ethnic and cosmopolitan charms. But this year it has been a city facing a wave of random crime.

While serious crime was down 1 per cent in the U.S. last year, FBI figures show San Francisco posted a 22 per cent increase. An undermanned police force is being stretched thin, residents are adopting a fortress mentality, most usually identified with New York or Detroit, and local political leaders are feeling the heat of citizen concern.

Violent crime has showed no signs of easing this year. San Francisco recorded 145 murders in 1976 and this year it has been averaging nearly a murder a day, a pace that will put it far ahead of last year's record number of homicides. Attacks and slayings have spilled over from the city's crowded ghetto areas into busy central sections and even fashionable residential districts.

"There are no safe neighbourhoods anymore," Mayor George Moscone lamented earlier in the year. In recent weeks one of the city's most colourful areas, Chinatown, has become the least safe. It has suddenly changed from a prime tourist spot to a community of fear in the wake of a new wave of random killings.

Gang-related violence has been breaking out in Chinatown for the past nine years, resulting in at least 45 murders, only one of which has been solved. Most recently, five patrons of the Golden Dragon restaurant were killed and 11 others wounded when three masked gunmen burst in and sprayed the dining room with bullets.

Police, who have made no arrests, believe the gunmen were

part of a Chinatown gang seeking revenge against members of a rival gang thought to be cutting in the restaurant. A week later, a member of the gang suspected of responsibility was shot dead and his companion wounded in what police described as retaliation for the Golden Dragon attack.

Mayor Moscone has boosted to \$100,000 the original \$25,000 reward the city posted for information leading to the arrest and conviction of those who carried out the Golden Dragon killings, hoping to tempt people with information to come forward.

So far, however, what Police Chief Charles Gain calls "a wall of silence" has gone up in Chinatown, either out of fear of reprisal from gangs or as a carry-over of ancient codes of silence.

The difference is that in earlier days, Chinese elders would have dealt with those involved in violence directly and effectively. Now, however, the system has broken down as a new generation of younger, largely unemployed and restless Chinese immigrants and American-born Chinese clash.

The current outbreak of violence recalls the Chinatown Tong wars at the turn of the century and while there are similarities, the new gangs are more brutal and ruthless than the Tong ever were. Tong killers were "soldiers" and their conduct was subject to Tong codes, unlike the current indiscriminate attacks on innocent people, including non-Chinese victims.

What Chinatown residents fear most is that the most recent bloodshootings may be a prelude to a major war among rival gangs and that they may be swept up in the

combat. Concern is heightened by the police record of inability to solve case-related crimes. Restaurant and shop businesses in Chinatown has fallen 20 to 50 per cent. In the well-publicised aftermath of the latest round of killings.

Between the 1940s, when the Tong wars flared for the last time, and the mid-1960s, when a new immigration law prevented an influx of Chinese from Hong Kong, there was little violence or delinquency involving Chinese youth in Chinatown. But in 1962 Congress amended the 1952 Immigration and Naturalisation Act that had limited Chinese immigration to 106 a year and about 20,000 Chinese per annum began arriving in the U.S., many of them settling in San Francisco.

The young among the new arrivals found overcrowded housing and because many were unable to speak English, few jobs. They began banding together in gangs, intimidating shopkeepers and students in extortion rackets that eventually led to violence and a battle for control of Chinatown crime.

It was a sharp reversal for this largest Chinese settlement outside the Orient, which long had been considered a model ethnic community.

Soon Chinatown began to feel the problems and pressures of other big city ghettos as the flood of immigrants fanned unrest and the traditionally serene family units began breaking down. Sub-standard and crowded housing, unemployment, low wages, sweatshops, poor health facilities, lack of recreation space and a growing elderly population all contributed. Behind Chinatown's neon glitter, many problems are waiting to be resolved.

When it comes to quality there is no compromise.



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And so it is! As a truck manufacturer we know the score. We know that trucks are not bought for their good looks and attractive colours. Trucking is business, big business, and hauliers are keen businessmen.

They carefully calculate the return on their investments in terms of miles, tonnage and hours.

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Trucks are checked at our own proving ground, testing centre and engine laboratory. Service tests are of course carried out in extremely arduous conditions, not just in our own ideal flat country, but from Lapland to the Cape of Good Hope.

Innumerable checks are made, and only one standard applies: the highest!

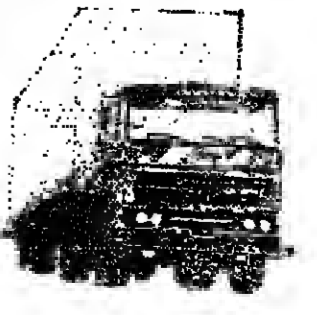
Our efforts are appreciated by our customers, the hauliers. They are also appreciated by the Dutch Government. They have

placed an order with us for 4,000 trucks because our production plants comply with AQAP (Allied Quality Assurance Publication) requirements. For all our customers — as for DAF Trucks — quality is a question of survival.

For further information DAF Trucks, Sales Promotion and Advertising Department, P.O. Box 1055, Eindhoven, Holland. Tel. 040-149111.

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DAF Trucks



OVERSEAS NEWS

Indonesia acts to end the 12-month investment queue

BY OUR OWN CORRESPONDENT
TWO DECREES signed by President Suharto this week should eliminate the 12 to 14 months waiting period for investment application approval that potential foreign investors have had to suffer up till now.

Queensland calls elections

By Kenneth Randall
CANNBERRA, Oct. 5. STATE elections have been called in Queensland for November 12, further complicating calculations on the likelihood of national general elections this year.

Japan asks Algeria to return hijack terrorists

BY CHARLES SMITH
TOKYO, Oct. 5. JAPAN HAS "expressed the hope" that Algeria will return to it the five Red Army hijackers of the Japan Air Lines DC8 aircraft and their six fellow hijackers who were released from Japanese jails last week.

Backlash over Gandhi

NEW DELHI, Oct. 5. Political observers here believed the home minister's move against Mrs. Gandhi—six months after the Government came to power—had been ineptly handled.

Rhodesia talks in London next week

By Paul Betts
LONDON, Oct. 5. The newly appointed special United Nations representative for Rhodesia, Sir Kenneth Robinson, is expected to visit London towards the end of next week for consultations with Lord Carver, the British Resident Commissioner for Rhodesia.

WORLD TRADE NEWS

Italian minister for talks in Moscow on credit line

BY PAUL BETTS
ROME, Oct. 5. FOLLOWING the latest round of Italo-Soviet talks here, there are indications that some progress has been made in the protracted negotiations for a new \$850m. Italian export-credit line to Moscow.

Swedish car sales down 16%

By William Dulfer
STOCKHOLM, Oct. 5. THE SWEDISH car market shrank by 16 per cent in the first nine months of this year, according to the latest figures from the Swedish Association of Car Manufacturers.

Koni U.S. plan to go ahead

BY MICHAEL VAN OS
AMSTERDAM, Oct. 5. THE management of Koni, the Dutch ITT subsidiary manufacturing shock absorbers, has informed its staff that it is going ahead with its controversial plan to establish a similar new plant in the U.S. to supply the growing North American market.

S. African politician quits

Sir De Villiers Graaff, leader of the South African opposition for more than 20 years, has announced he is quitting politics.

Chinese port delays improve

BY COLINA MacDOUGALL
DELAYS at Chinese ports had only improved slightly since last year, Mr. Klaus Rickmers, chairman of Rickmers Line A.G., said in London yesterday.

Allegation of Bhutto pressure

A former Pakistani policeman with which Mr. A. Bhutto, the former Premier of Pakistan, is under investigation—has said that he is under pressure by Mr. Bhutto to help him in his political activities.

Comecon lifts transit rates

By A. H. Hermann
A SUBSTANTIAL increase in the transit tariffs of Comecon railways has come into force and will be followed by a 25 per cent increase in Danube freight rates on January 1, 1978.

Japan TV change likely

TOKYO, Oct. 5. THE LAYOFF of workers at Zenith Radio of the U.S. was not due to active exports of Japanese colour television sets; the Electronic Industries Association of Japan claims.

Canadians win Algerian deals

CANADIAN BECHTEL is expected to sign a contract shortly to manage construction of a large-scale oil and gas separation unit in Algeria, says Montreal correspondent.

Abu Dhabi airport

The French engineering company Spic Battaglini and Y.L.T. of Finland have been awarded a contract worth \$23.7m for work on the new Abu Dhabi international airport.

Nigerian hotel

The authorities of Plateau State, Nigeria, have placed an order with the Swiss civil engineers Elektrowatt Ingenieurunternehmung for the building of a 600-bed hotel in the state capital Jos.

THAILAND'S STRONG MAN

A year of tough action

BY DAVID HOUSEGO, RECENTLY IN BANGKOK

THE MILITARY-backed regime of Mr. Thanin Kraivichien, Thailand's Prime Minister, today celebrates one year in power in a country that has run through seven Governments between 1974-76, that is no mean achievement.



Thanin Kraivichien: Iron-fisted reformist style.

armed forces, has on several occasions intervened to soften Mr. Thanin's curbs on the domestic Press. He has also pushed for a more conciliatory diplomatic approach to Hanoi.

Seychelles inquiry

Seventy diesel engines bound for South Africa were held in the Seychelles while an investigation is made of their origin, informed sources said yesterday.

Tanzanian expulsions

Tanzania has expelled more than 200 Kenyan farmers living in the border highlands near Mount Kilimanjaro.

Arms for Ethiopia

The three Arabic newspapers in Cairo yesterday printed identical reports saying that Benghazi harbour in Libya has been closed for more than a week to unload large quantities of Soviet weapons destined for Ethiopia.

TEXILES TRADE

Hong Kong attacks EEC plan

HONG KONG'S Governor to-day accused the European Common Market of being financially discriminatory and said a forthcoming bilateral trade agreement could cost Hong Kong \$K10n. (\$US213m.) in lost trade.

Swiss fear imports flood

ZURICH, Oct. 5. THE SWISS Clothing Manufacturers' Association fears that increasing import protection on the part of other European countries will lead to Far Eastern clothing exporters competing for the Swiss market.

South Korea halts growth

SEOUL, Oct. 5. SOUTH KOREA'S heavily export-oriented textile industry has been ordered by the Government to refrain from investing in the establishment or expansion of facilities to cope with growing overseas trade protectionism.

HOMELAND NEWS

Energy Ministry recruits oil policy critic

BY KEVIN DONE. PROF. PETER ODELL of Erasmus University, Rotterdam, who is one of the most vociferous critics of the way the oil industry is exploiting North Sea oil and gas finds, has been brought into the fold of the Department of Energy.

He will also report on the evolution of government/oil industry relations in other countries, which he plans to visit.

Prof. Odell's main thesis of attack has been to cause the oil companies to achieve maximum profitability, while ignoring a number of discoveries that have been labelled commercially marginal or sub-marginal.

His appointment will shock the oil industry because he has been a well-known thorn in its side.

Underwriters charting a tight course

BY ERIC SHORT. THE WORLD marine insurance market is again in the middle of a rate-cutting war as a result of the slump in world shipping. The slump means that there are relatively fewer vessels being insured as shipowners endeavour to keep costs down.

Mason inches Ulster along

BY GILES MERRITT, IN BELFAST. TALKS on a political solution in Northern Ireland began in Belfast yesterday when Mr. Roy Mason, Northern Ireland Secretary, met leaders of the official Unionist Party.

Conference to woo investors

BY OUR BELFAST CORRESPONDENT. A CONFERENCE is to be held in London in the New Year to persuade international financiers and industrialists that Northern Ireland has investment possibilities, in spite of its bad world image.

Academics join Bank forum on economic policy

BY MICHAEL BLANDEN. THE Bank of England is going ahead with its plan to establish a panel of leading academic economists to provide a forum for the discussion of major economic and financial issues.

The Bank said that it saw in panel meetings of the kind the opportunity, in addition to existing contacts, to hear exchanges of views among members on analytical and theoretical matters relating to problems of an economic and financial nature which were of interest to the Bank.

Workless 'over 1m. until 1982' claim

UNEMPLOYMENT will stay above 1m. until 1982 at least, the Henley Centre for Forecasting stated yesterday.

Scottish knitwear boosted

THE Scottish Development Agency is to invest £500,000 in one of Scotland's biggest knitwear companies, the third time this year it has taken an interest in the knitwear industry.

Paper makers show caution on Swedish cut in pulp prices

BY MAX WILKINSON. FINE PAPER makers in the U.K. yesterday gave a cautious welcome to this week's announcement by Swedish pulp manufacturers that the price of bleached grades is to be reduced by \$30 a tonne.

Barclaycard cuts rate in line with Access

BY MICHAEL BLANDEN. BARCLAYCARD, the credit card organisation run by Barclays Bank, is following the lead of its rival Access in cutting the rate charged to its 3.7m. cardholders on outstanding balances.

Institute blocks property groups charge

PROPOSALS to impose depreciation charges for buildings held by property companies were blocked by the Institute of Chartered Accountants in England and Wales at its Council meeting yesterday.

More Home News on pages 8, 15, 27

precipitation standards throughout industry. This reference back to the Standards Committee confirms that the institute believes the political implications of a head-on clash between accountants and property companies outweigh the advantages of a uniform depreciation system.

Who helps the British businessman in Heidelberg?



All our 31 local telephone numbers are in the Yellow Book.

In the Lufthansa Yellow Book you'll find not only the telephone number of our local offices which are all over Germany, but also useful information about hotels and travelling times from airports. Visit or phone our local Lufthansa office. Our friendly staff will book you a hotel. Hire you a car. Give you information about the local sites. Ask your travel agent or Lufthansa for the Yellow Book.



HOME NEWS

Car fuel economy 'can be raised by 50%

By Kevin Done SHELL scientists studying methods of improving energy conservation believe that cars capable of an improvement in fuel economy of about 50 per cent over the present...

Potato glut causes farm losses

POTATOES, almost in the luxury class for the last two years, are now so cheap that farmers face catastrophic losses. In the wake of the price collapse the Potato Marketing Board, aided by the Government...

British broker aims for Tokyo

Financial Times Reporter ASTLEY PEARCE, a leading London foreign exchange broker, is negotiating with the Japanese authorities to become the first overseas broker to open a branch in Tokyo.

U.K. unready to gain from economic zone

BY A. H. HERMANN, LEGAL CORRESPONDENT THE EMERGENCE of the 200-mile economic zone as a broadly accepted rule of international law has overruken the UN Third Law-of-the-Sea Conference...

Cutlery industry 'faces collapse' within five years

BY LYNTON McLAIn, INDUSTRIAL STAFF BRITAIN'S cutlery industry faces "total collapse" within five years unless Government action is taken to restrict cheap imports from the Far East.

Institutions raise their share of equity holdings

FINANCIAL TIMES REPORTER THE PERCENTAGE of total shareholdings in listed companies owned by individuals has fallen sharply in recent years, offset by a steady rise in the proportion held by financial companies and institutions.

British broker aims for Tokyo

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U.K. unready to gain from economic zone

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Vauxhall's Cavalier 1300 goes on sale

BY OUR INDUSTRIAL STAFF THE CAVALIER, Vauxhall's new import Corolla at the rate of 1300 cc, is now on sale in 1300 cc Cavalier 1300 cc. It is the most Vauxhall dealers, Genk, Belgium, and a further 30 from Cork, in the Republic of Ireland.

Table with 3 columns: Sector, 31.12.63, 31.12.69, 31.12.75. Rows include Personal, Financial companies and institutions, Industrial and commercial companies, Public, Overseas, Total.

As they are not permitted to do business in Tokyo after the normal afternoon closing time for brokerage firms, it will be closed when other world centres are open.

There are a number of new primary opportunities. These include coal mining under the sea, locating nuclear and power generating plants on artificial islands and the transformation of fishing from hunting to fish farming.

Vauxhall's Cavalier 1300 goes on sale

BY OUR INDUSTRIAL STAFF THE CAVALIER, Vauxhall's new import Corolla at the rate of 1300 cc, is now on sale in 1300 cc Cavalier 1300 cc. It is the most Vauxhall dealers, Genk, Belgium, and a further 30 from Cork, in the Republic of Ireland.

CITY OF COPENHAGEN Swiss Francs 60,000,000 5% External Loan, 1974/83

Notice is hereby given that a Drawing of Bonds of the above Loan took place at the office of Morgan Grenfell & Co. Limited on 27th September 1977 attended by Mr. Richard Grayson of the City of Copenhagen, Norway Publicly for a total of Swiss Francs 60,000,000 nominal was drawn for redemption at par on 15th November 1977. The nominal amount of the Loan outstanding after 15th November 1977 will be Swiss Francs 24,000,000.

Large table listing bond numbers and amounts for the City of Copenhagen loan. Columns include bond numbers and amounts in Swiss Francs. Includes a section for 'The above Bonds may be presented for payment...' and 'East Bond, when presented for redemption...'.

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- Corporate underwritings
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- **International private placements**
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- Industrial revenue bond financings
- Pollution control financings
- Commercial paper issuance
- Corporate stock repurchasing
- Registered and non-registered secondary offerings
- Underwritten redemption of securities
- Sinking fund purchases
- Investments for temporarily excess cash
- Exchange offerings and tender offers
- Government agency financings
- State and municipal financings
- Financing services for foreign governments and agencies
- Financial advisory and evaluation services

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- Investment research
- Economic forecasting
- Money market and credit analysis
- Investment strategy
- Industry and company analysis
- Block trading
- Special order service
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- Foreign securities
- Convertible stocks and bonds
- Domestic and international securities arbitrage
- Listed options trading
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- Restricted brokerage transactions
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• A comprehensive range of international financing services. We know how to solve international financing problems. Over the years, we have used many different combinations of markets, currencies and financing techniques to meet the needs of our clients. When traditional techniques do not work, we search for new methods. Often, we find them first.

We are prominent in U.S. issues for non-American clients, in specialized Eurobond and Eurocurrency financings, and in foreign currency financings in national capital markets. Through parallel loans and swap transactions, we help clients adjust to currency changes and shifts in the availability and cost of money. And we offer a variety of financing techniques to limit the effect of regulations which may restrict capital flows.

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To put this commitment to work for your company, call on the capability of Goldman Sachs. The uncommon capability that combines experience and creativity for successful solutions to international financing problems.

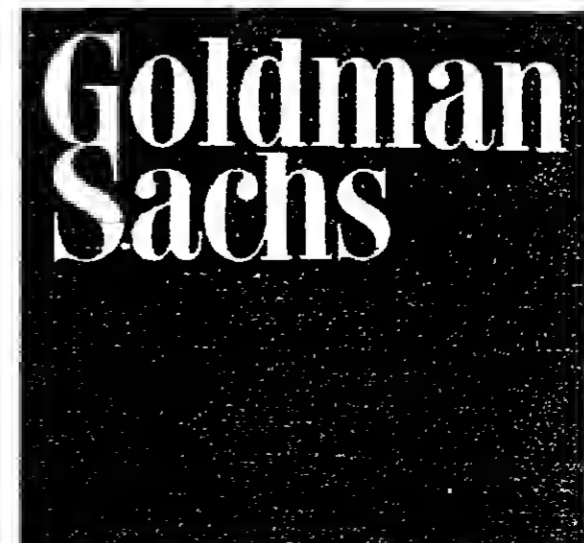
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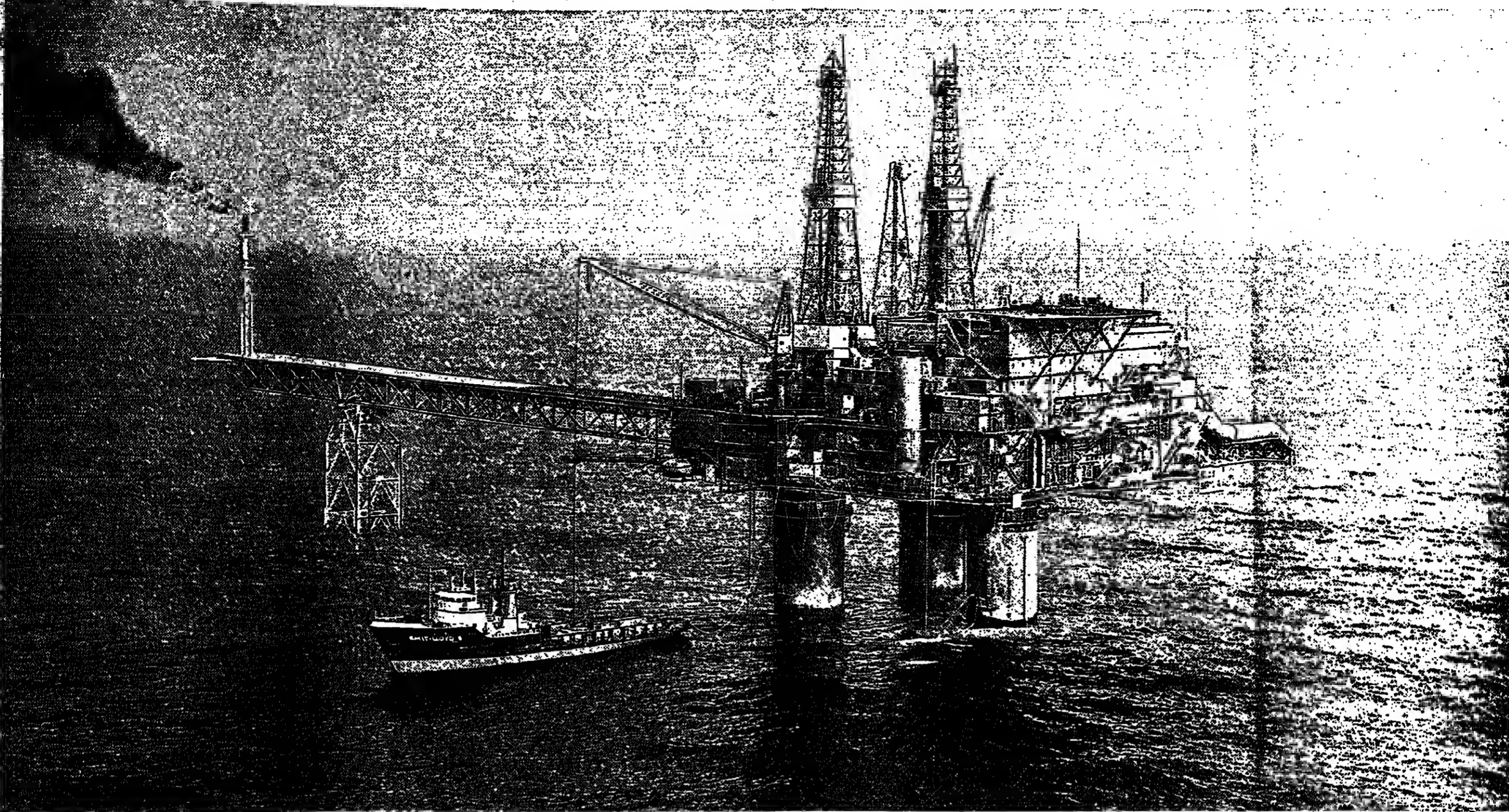
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Bill flew a team of specialists to Norway to participate in the management team controlling the electrical and instrumentation work on the platform and to advise the platform builders on these aspects. Onshore, Bill supervised BICC's part of the contract, which covered the installation and jointing of high voltage cables. Offshore, however, when the platform had been floated to its final moorings in the North Sea, BICC took over all electrical installation and instrumentation work and Bill co-ordinated the efforts of a 100-strong contracting team in the completion and pre commissioning of all electrical systems.

Whatever the problem, BICC has the answer in its people — 54,000 people employed worldwide who, like Bill Ivison, quietly make things work.

And people like Eric Lee, Production Manager for BICC's heavy cables unit at Leigh, who was involved in the manufacture of virtually all of the cabling used by Bill for the Mobil platform. Eric's cabling skills are hard-won, coming from 34 years experience in the company — the last 20 in the demanding world of production. However, the enthusiasm and energy which he brings to his work is a complete contrast to his relaxed approach to his hobby — fishing.

Over the years, Eric's skill and experience have been put to good use in many major BICC projects.

Projects like an improved method of cable insulation (Vertical Continuous Vulcanising) which allowed BICC to manufacture cables for the QE2. The QE2 presented a challenge — high voltage cables of a new and special design. VCV was the answer, and Eric's knowledge of the process, and the special techniques associated with it, enabled BICC to meet the challenge.

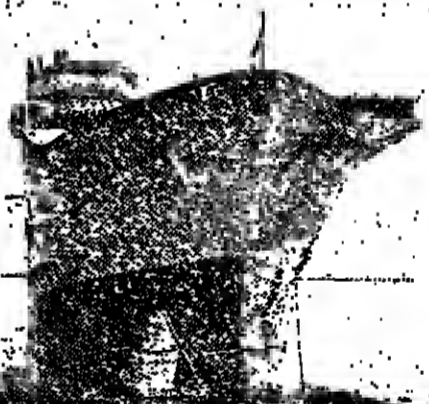
More recently Eric and his 500 strong team have manufactured cables for another famous ship, the Royal Navy's new Command Cruiser HMS Invincible.



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BICC Cables power and control the Royal Navy's sophisticated new Command Cruiser HMS Invincible.

The quality of its people. Highly trained people committed to getting things done — better than before — for the benefit of all of us.

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Proved against the North Sea! This BICC shipwiring cable has the robust construction demanded by the offshore environment.



Eric Lee — by quieter waters

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Makes it work

EEC reform promise wins solid approval

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE CONFERENCE yesterday gave overwhelming backing to the Prime Minister's latest initiative on the EEC and decisively rejected demands that a new referendum should be held to decide whether Britain should quit the Community.

At the same time, the National Executive Committee's document, which is strongly critical of many aspects of EEC policy, was also approved.

Delegates gave their verdict after an address by Mr. Michael Foot, Leader of the Commons, in which he gave full backing to the Callaghan letter to the NEC promising that the Government would attempt to re-negotiate some of the more contentious EEC policies.

Mr. Foot, one of Labour's leading anti-Market speakers, called for party unity on this issue and once again held the threat of the next election over the heads of delegates.

He told them: "It would be a great error if we were now to butcher ourselves to make a holiday for Mrs. Thatcher. I am sure we are not going to do anything of the sort."

During a restrained debate, speakers appeared equally divided on the issue. Some of them, including trade union officials, argued that Britain should not stay in the Community as that Labour could attempt to referendums in partnership with the European States.

The shortcomings of the Common Agricultural Policy still formed the main grievance of the delegates and the conference passed a resolution calling for its fundamental reform.

Mr. Foot was at pains to

emphasise that there was nothing underhand about Mr. Callaghan's letter to the executive on reform of the EEC. "There is no trickery about this—no attempt to deceive anybody," he said.

He commended the NEC document and the Callaghan letter as the best approach to the matter. Many had prophesied, and were still doing so, that the Labour movement would destroy itself by the passion and vigour of its arguments over Europe. But despite deep differences, unity had been maintained.

The party had rejected the path of expulsion and discipline during its debates on EEC. "If we had tried to impose discipline, we would have shattered our Labour movement to fragments."

Many of the features of the Common Market were not designed in suit British circumstances—the CAP, a supra-national Commission and a Council of Ministers which could legislate automatically as of right. We still had not solved these problems.

In the months ahead, the party should show the British people that its arguments over the EEC were not a weakness but a strength. This should be a major element to Labour's "coming electoral victory," Mr. Foot declared.

"It can be done because, in fact, this Labour movement is much more responsive to the real mood of the people on this subject than any other party in the State," he added.

The Government would demand that there should be a dramatic reform of the CAP and that the authority of national

Parliaments should be re-asserted. We demanded the protection of our own industrial and regional policies and the safeguarding of our coery resources.

"All these matters have been placed in the agenda in the letter which Jim Callaghan sent to the NEC a few days ago," he said.

The Leader of the House maintained that the Conservatives had taken Britain into the Common Market during a moment of deep national defeatism. The Tories had thought that the British workers would be "whipped" by the free market economy once we got into Europe. Labour did not believe that.

"We are going out from this conference to win the backing and, eventually, the votes of the British people as a whole. We can restore the democratic vigour and idealism of our own country and in doing so, we will contribute to international Socialism throughout the world."

During the debate, Mr. Richard Balfe, political secretary of the Royal Arsenal Co-operative Society, called for the scrapping of the CAP and its replacement by a "Socialist food policy."

Mr. Steve Cohen, Newcastle upon Tyne North, argued that Britain had been "good boys" too long so far as the CAP was concerned. The policy was designed to protect French farmers and peasants, not to provide decent food at reasonable prices.

Mr. Linnal Lawrence, of Clacton, urged the Government in work for reform of the Common Market from inside the Community. "Our comrades in Europe are bewildered why we are refusing to co-operate with them. Why is the NEC still sulking in its tent?"

Mr. Betty Wilson of Birmingham Yardley told delegates: "Bring EEC proposals back to Westminster where they can be properly discussed and acted on, and not just scribbled. We would then, to some extent, the masters of our own destiny."

Mr. Rex Bortell, general secretary of the National Union of Agricultural and Allied Workers, warned that there was no longer a reservoir of cheap food available on world markets. His general feeling from the return of cheap food imports from non-EEC countries at the expense of low paid agricultural workers.



Three studies of Mr. Michael Foot in his appeal for unity on the Common Market issue.

Better to stay and try for changes, says Foot

BY PHILIP RAWSTORNE

LABOUR'S sleight of hand on the Common Market won it another political trick yesterday. Once again, unity was fished from discord, as the conference voted solidly for a Government of radical reforms inside the Community.

Questions of withdrawal or direct elections were both decisively palmed.

Mr. James Callaghan had stacked the cards for a new Common Market deal in his letter to the National Executive last week. Yesterday, Mr. Michael Foot shuffled them with equal dexterity and distracting rhetoric.

For most of the debate, the bidding of both pro-Marketers and anti-Marketers had been less than brisk. Mr. David Warburton, of the General and Municipal Workers, raised a few pro-Market principles and even more hecatics. The general feeling from the return was that nothing had been won yet in this casino of capitalism.

The European Movement's referendum warning of the losses that would accrue if Britain stayed out was recalled with black humour. "The inevitable result... serious damage to the economy, a run on the £, rampant inflation, falling living standards and massive unemployment."

Mr. Foot sympathised with the disenchantment. Of course, Britain could abandon the EEC tables at any time, he said. But, he said, "The inevitable result... serious damage to the economy, a run on the £, rampant inflation, falling living standards and massive unemployment."

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Fisheries policy challenge

BY PHILIP RAWSTORNE

THE INFLUENTIAL Scottish Fishermen's Organisation has challenged the Prime Minister on the Government's attitude to the EEC's common fisheries policy following the rocketing price of cod.

In a letter to Mr. Callaghan, the Scottish Fishermen's Organisation's chief executive, Mr. James Lovie, said he was "gravely disturbed" that there had been no reference to the Common Fisheries Policy in the Premier's week-end list of topics needing special consideration in the Community.

The policy had been "applied identified as a cut-throat," he declared.

The Russian fishing grounds, from which EEC vessels have been barred, had become Britain's leading source of cod since trawlers were banned from Icelandic waters.

The White Fish Authority said that record prices were only one more step in closing the price gap between fish and meat.

"Prices are going up quickly in all the ports where fish is being landed, because of the greater competition for smaller, better quality fish," the authority added.

Mr. William Rodgers, Transport Secretary, said the real trouble with transport policy was that it was trying to get a quart into a pint pot.

The White Paper had been a step towards devoting more money to transport, and he hoped it would be possible to go further as Britain's economic recovery was completed. But he emphasised that there were many competing claims for additional expenditure.

Mr. David Bowman, NUR president, predicted a bleak future for the railways unless there was more investment. Without it, some parts of the country had an alternative but to provide a poor and inefficient service which people would not use.

In that case, major rail closures would take place in areas like Cornwall, Wales, East Anglia, the North-East, Scotland and parts of Lancashire.

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Mr. Tom Bradley, for the NEC, called for a real boost for the railways to enable them to provide a better service and attract more business.

Referendum call fails

A RESOLUTION from Birmingham Yardley Labour Party urged that the Government should amend the European Communities Act in order to make British Ministers accountable to Parliament and in present EEC directives becoming law until Parliament has given assent.

Falling these changes, "Britain should immediately withdraw from the European Economic Community," it declared.

The motion was rejected by the conference and realigned to the NEC.

A resolution seeking a fundamental reform of the Common Agricultural Policy was approved. Attempts to get Britain's withdrawal from the CAP and to remove tariff barriers and allow the import of cheap food from outside the Common Market were defeated.

A motion from Newcastle upon Tyne Labour Party calling for a referendum on whether Britain should remain in the Community was defeated.

The National Executive document on the Common Market was approved.

Huge majority backs Jack Jones in call to abolish the Lords

BY IVOR OWEN, PARLIAMENTARY STAFF

WITH AN enthusiasm which brought worried frowns to the faces of some senior Ministers, the Labour conference voted overwhelmingly yesterday for the abolition of the House of Lords.

Cautionary words from Lady Llewellyn-Davies, Government Chief Whip in the Lords, were ignored, as were some barbed comments from Lord Shinwell, the 82-year-old former Cabinet Minister, who, however, won a standing ovation when he emptied his speech from the rostrum.

Anxiety among Ministers about being saddled with an inescapable commitment to include abolition of the Lords in Labour's next election manifesto was reflected in the speech of Mr. John Forster, of the AUEW, who replied to the debate on behalf of the NEC.

Delegates duly took the hint and a card vote showed a massive 6,245,000 for and only 91,000 against, easily satisfying the requirement that a conference resolution must have a two-thirds majority to be binding on the NEC.

Mr. Jack Jones, leader of the TGWU, led the attack on the Upper House by arguing that recent votes of the initial Conservative majority, emasculating nationalisation and other measures introduced by the Government, made abolition "imperative."

He ended a tirade against those who alleged had transformed the rule of the Lords from a wrecking chamber by invoking the spirit of approval when Mr. Jones declared: "He would have demanded the death of the House of Lords and so should capacity of the NEC to 'strangle' it."

Lord Shinwell warned that there would be constitutional difficulties in lacking reform of the Lords. "First of all, you have got to win the next election," he said.

Lord Shinwell suggested that it would be better to reduce the number of hereditary peers—something for which there would probably be an overwhelming majority in the House of Lords itself.

Cheers and laughter swept the conference hall when he ended his plea for changes which would provide a reasonable balance in the House of Lords by commenting: "That is the way. Not to cut their throats. But you can do very near it."

Warning that winning the next election would be a hard job, Lord Shinwell urged conference to concentrate on policies to get rid of slums, unemployment and poverty rather than on constitutional issues. "This could be a great conference if we concentrate on the things that matter," he declared.

Making it clear that abolition held on terms for him, Lord Shinwell added: "As long as I remain a member of the House of Lords, I say what I like, I do what I like and nobody is going to stop me."

Mr. Jones described the House of Lords as a symbol of paralysis and reaction and claimed that many peers would be relieved by its abolition. "For others, abolition will deliver them from temptation—the temptation which springs from the pomp of peerage, lending one's name to sponsoring commercial ventures and creating companies headed by a non-executive director."

Abolition of the House of Lords, said Mr. Jones, would help to revive the ideals of socialism. "This confidence must be included in the manifesto for the next general election," he declared.

Some delegates were reluctant in giving a hearing to Lady Llewellyn-Davies even though she agreed that the House of Lords, with its mainly hereditary composition, was indefensible.

But, she argued, the NEC and conference should think the thing through before deciding in favour of abolition, which would affect the whole constitution of the country, including the legal system.

Without a second chamber, there would be more pressure on the House of Commons and more imperfect legislation would reach the Statute Book with the result that the judiciary would have a bigger role in interpreting the law of the land.

Lady Llewellyn-Davies recalled the criticism voiced by Mr. Michael Foot of the history of the judges in such a situation. "Is that what this movement wants?" Of course it is not.

Before embarking on a campaign to abolish the Lords, she said, the Labour Party should ask what was to put in its place and meanwhile tackle the problem of unemployment and inflation. "I do not believe that the people will respect us if we

Wealth tax delayed by Lib-Lab pact

BY JOHN HUNT

A RESOLUTION calling on the Government to introduce a wealth tax without delay was unanimously approved by conference after a stream of delegates had gone to the rostrum to demand higher taxes on the rich and greater relief for the lower paid.

But despite the clamour of the rank and file, the eventual introduction of legislation on the Government's promise of a wealth tax may well be put off until after the next general election.

Speaking on behalf of the National Executive, Mr. John Carter, MP for South Devon, East, indicated that implementation of the tax would be delayed because of opposition from the Government's Liberal partners.

He told conference: "The Government is committed to publishing proposals for the wealth tax during the next session of Parliament. But we have to face the fact that the chances of getting anything on in the Statute Book in the current situation in the Commons are very limited indeed."

The strident tone of the debate was set by one of the delegates, Mrs. Gwyneth Jones, a member of the Parliamentary panel of the National Union of Public Employees. There were cheers as she declared: "It is time we had a socialist tax policy. What I want to see is Demis Healey playing the role of Robin Hood."

The motion approved by the conference also called on the NEC to prepare a policy paper on the total reform of the tax system and tax allowances. It is wanted the raising of tax thresholds so that people—receiving supplementary benefit would no longer have to pay income tax.

The resolution came out against the "increasing clamour" for a substantial shift in the burden away from direct and on to indirect taxation. Such a move was likely to increase the burden on the lower paid, it said.

In addition it called for: 1. A negative income tax; 2. Action against the "tiny minority" who obtained unearned

Labour 'losing confidence of non-whites'

BY PHILIP RAWSTORNE

THE CONFIDENCE Labour non-white citizens have in Britain's non-white citizens has wavered, a member of the Confederation of Indian Organisations (C.I.O.) told a conference "fringe" meeting at Brighton yesterday.

He said the responsibility for disillusion among non-white minorities should be placed squarely on the shoulders of Mr. Callaghan and the unions.

The trade union movement had displayed a "hypocritical attitude" towards its non-white members, which betrayed its philosophy of brotherhood of man, while the Government had failed to provide young people with any meaningful purpose in their lives.

Mrs. Shirley Williams, Education Secretary, hit at Conservative plans to restore direct grant schools and provide financial help to parents choosing to send their children to them.

The plan would involve taxpayers' money being spent on subsidising families already said the Labour Party should have a bigger role in interpreting the law of the land.

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Tory schools policy attacked

BY PHILIP RAWSTORNE

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Debates to-day

Morning: NEC document, "Building Britain's Future," resolutions on construction industry and direct works systems; race relations; resolutions on abortion.

Afternoon: Private session in which re-election of MPs will be discussed.

Freight switch to rail demand

By Ivor Owen

DESPITE OPPOSITION from the Transport and General Workers Union, the Labour conference yesterday approved a resolution calling for the return of Freight Liners and National Carriers to British Rail.

Mr. Harry Irwin, the union's assistant general secretary, protested that if such a policy were carried through, the National Freight Corporation, the biggest single road transport group in Europe, would disintegrate.

The resolution, which also pressed for the implementation of a 1985 Act in direct haulage and long distance freight to the rail network, expressed disappointment with the Government's White Paper on Transport.

Mr. William Rodgers, Transport Secretary, said the real trouble with transport policy was that it was trying to get a quart into a pint pot.

The White Paper had been a step towards devoting more money to transport, and he hoped it would be possible to go further as Britain's economic recovery was completed. But he emphasised that there were many competing claims for additional expenditure.

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Mr. Tom Bradley, for the NEC, called for a real boost for the railways to enable them to provide a better service and attract more business.

U.K. ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output, engineering orders, retail sales volume (1970=100); retail sales value (1977=100); registered unemployment (excluding school leavers) and unqualified vacancies (000's)—all seasonally adjusted.

	Ind. prod.	Mfg. output	Eng. order	Retail vol.	Unemp.
1976 4th qtr.	103.1	104.7	106	108.5	211.9
1977 1st qtr.	103.6	105.6	108	105	217.1
2nd qtr.	102.8	105.2	103	102.9	221.0
3rd qtr.	102.5	105.7	107	103.4	218.5
April	102.6	105.1	107	104.4	218.8
May	100.0	100.0	100	103.8	223.2
June	101.6	102.8	107	107.0	222.8
July	101.6	102.8	107	107.0	222.8
Aug.				107.2	237.6
Sept.					1288

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1970=100); housing starts (000's, monthly average).

	Consumer goods	Invest. goods	Eng. output	Metal mfg.	Textiles	Leather & clothing	Housing starts
1976 4th qtr.	115.1	98.9	104.3	109.2	85.1	104.4	208
1977 1st qtr.	115.6	100.7	106.2	101.2	84.2	105.1	209
2nd qtr.	113.0	98.5	104.8	98.3	81.0	102.8	204
3rd qtr.	114	100	108	101	80	101	203
April	111	98	103	96	75	97	203
May	114	98	103	99	83	103	204
June							204
July							204
Aug.							204
Sept.							204

EXTERNAL TRADE—Indices of export and import volume (1970=100); visible balance; current balance; oil balance; terms of trade (1970=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms of trade	Exch. Res.
1976 4th qtr.	141.5	138.2	-982	-414	-1,002	79.1	4.13
1977 1st qtr.	141.2	142.3	-962	-461	-816	80.4	6.62
2nd qtr.	140.2	143.9	-698	-294	-728	80.7	10.28
3rd qtr.	145.4	142.4	-265	-101	-298	80.7	9.9
April	152.5	150.7	-297	-133	-197	80.2	12.57
May	153.3	149.0	-230	-55	-198	80.1	12.4
June	150.2	131.2	-141	+316	-192	82.5	12.3
July						82.5	12.3
Aug.						82.5	12.3
Sept.						82.5	12.3

FINANCIAL—Money supply M1 and sterling M3; bank advances in sterling to the private sector (three months growth at annual rate); domestic credit expansion (cum.); building societies' net inflow; H.P. new credit; all seasonally adjusted. Minimum leading rate (end period).

	M1 %	M3 %	Bank advances	DCE %	B.S. inflow	H.P. new credit	MLR %
1976 4th qtr.	3.9	8.8	14.4	1.417	152	322	14
1977 1st qtr.	3.6	11.2	5.3	1.882	641	239	10
2nd qtr.	16.8	15.3	5.6	1.943	1,116	338	10
3rd qtr.	16.5	13.2	2.0	1.21	431	358	10
April	25.5	17.0	3.5	836	391	380	10
May	19.3	12.0	23.2	-245	320	363	10
June	22.0	9.5	24.0	-151	302	417	10
July							10
Aug.							10
Sept.							10

INFLATION—Indices of earnings, basic materials and fuels, wholesale prices of manufactured products (1970=100); retail prices and food prices (1974=100); FT commodity index (July 1982=100); trade-weighted value of sterling (Dec. 1971=100).

	Earnings	Basic materials	Wholesale mfg.	RPI	Food's	FT	Stg. index
1976 4th qtr.	274.2	329.9	233.9	153.3	172.7	250.3	59.5
1977 1st qtr.	280.7	341.5	248.0	174.1	184.7	276.1	61.5
2nd qtr.	287.3	342.8	259.2	181.9	197.1	350.0	61.5
3rd qtr.	286.3	348.3	269.2	181.7	189.9	286.6	61.5
April	289.9	348.3	282.4	184.6	187.7	350.0	61.5
May	296.6	344.8	285.7	182.0	182.0	243.2	61.0
June							61.0
July							61.0
Aug.							61.0
Sept.							241.6

* Not seasonally adjusted.

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Application

DATA PROCESSING

Setting up a service

ON THE half year's report for Buzzi Pulp and Paper, the question was asked where Buzzi could hope to diversify from its traditional markets, some of which are far from brilliant. The company yesterday answered the query by announcing the setting up of an important service which will initially provide extensive commercial data processing support over a network. Buzzi Data Systems, a wholly owned subsidiary, has been established around five DEC machines based in London, Amersham and Jarrow. This represents a spending on hardware of about £300,000 to which should be added about the same amount for existing installations and communication units. However, this is only the start

INSTRUMENTS

Sees strain in glass

users to run payroll, stock control and a number of other important company operations over on-line terminals to one or other of the Buzzi centres. Scientific routines are also supported. It has also done its homework on communications and the company has been successfully running for some months a line to take voice, data and telex. Thus far the first phase of the diversification. The second stage is likely to bring in assembly and manufacture since the company is planning to offer tailor-made equipment built around the DEC micro-computer and working with floppy discs. Talks are in progress with a number of suppliers of such peripherals to serve the micro and announcements can be expected fairly soon. Buzzi is thus diversifying into a market which is growing at a rate of around 30 per cent, which should satisfy most critics. Buzzi Data Systems, Meteor House, White Lion Road, Amersham, Bucks HP7 9LP. 02404 4466.

AVIATION

Radar for small jets

INTENDED FOR business aircraft use, a weather radar just introduced by RCA can be supplied with monochrome or colour display on which it is possible to bring up an alternative read-out of aircraft checklists, area navigation data, waypoint information or if desired, pilot-entered data keyed in from an associated keypad and stored. This 200-mile radar is aimed at the introduction of a similar colour display for airline use earlier this year. A high resolution digital radar, the 30A uses three colours to distinguish the levels of precipitation ahead of the aircraft while a different set of three colours is employed for ground mapping. A form of television raster scanning is used on the tube and the weather display is of uniform brightness and resolution. To bring up a checklist (these are factory programmed according to aircraft type) the pilot uses buttons on the keyboard. If a switch is made to "weather" in the middle of a checklist run-down, the system remembers where the list was stopped and returns to that item when the switchback is made. More from RCA Avionics, 8500 Balboa Boulevard, Van Nuys, California 91408.



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Seen and heard at Datafair

A NUMBER of companies are demonstrating micro-computer based systems at this year's Datafair which is once more held in London at the Grand Hotel in Hammersmith. They include Kextel and Pachtel. Pride of place goes to CAP, showing an IBM Series I, which is not even being demonstrated on the IBM stand. As yet, CAP is using it only for software development and, in this area, is showing a database of CAP staff skills including micro-Cobol. Experience with Series I—CAP took the first U.K. delivery—indicates that the system is surprisingly fast. Demonstrations show the hardware independence of micro-Cobol which is being run on normally totally incompatible hardware systems. Probably the most interesting system displayed however is the NPL-funded MAVIS (Microprocessor based Audio Visual Information System) developed at the Department of Human Sciences at Loughborough University in co-operation with the Man-Machine Interaction Group at the National Physical Laboratory, which is headed by Dr. Christopher Evans. This consists of a Motorola M6800 Microprocessor with a large memory and audio cassette-recorder which is used for data storage, and adapted to commence shortly.

colour television which uses the Teletext character set for displaying text and simple graphics. Input to the device is from a normal keyboard or from a suck-blow tube. Other inputs can be arranged by modification of input software. There are other output possibilities including simple speech, single character braille, or cheap hardcopy printers. When in production, MAVIS could create employment possibilities for the handicapped particularly in electronic word processing applications, though it is a very much a general purpose system. Aids for severely handicapped people are usually electromechanical in design and fulfil only a single purpose or function. This a handicapped person may be surrounded by several different devices such as a page turning machine for reading, specially adapted typewriters for writing, or communicating where the handicap is accompanied by a speech defect, and "environmental controllers" for operating lights, opening doors and so on. These devices are generally inflexible. It is this that MAVIS, being built around a microprocessor, is likely to overcome as the system should be able to cope with a variety of these functions. Construction of a Mark 2 version is to commence shortly.

OFFICE EQUIPMENT

Makes work stations

FURNITURE especially designed to form "work stations" or "cells" in open plan office environments is being put on the market by Flambo Fortschritt. It will be shown at the International Business Show in Birmingham (October 11-22). The furniture will include desks, tables, cupboards, filing cabinets and acoustic screens; interior fittings such as drawers can be slotted in and out without the need for using screws or tools. Details of the new furniture, which is said to be equally suitable for the more traditional type of office, can be obtained from the company at 71, Lots Road, London, SW10 (01-381 4242).

TELEVISION

Pops eyes in anywhere

INTRODUCED by Cyclops TV is a closed circuit television package which requires little more than the disposal of the camera and insertion of a single mains plug to have a system up and running for security surveillance. Plugged in, the console then provides video signal and low voltage paths over a single cable connection to each of four cameras. A nine-inch monitor can select a picture from any camera and control its panning unit. Automatic sensitivity control gives usable pictures down to 20 lux of reflected light using an f1.6 lens. The package includes camera mounting brackets, choice of six lenses, and a camera housing suitable for indoor or outdoor use. The cameras can be used at up to 200 metres from the console unit. More from Dolphin Road West, Sunbury-on-Thames, Middlesex TW16 7HG (Sunbury 89741).

PROCESSES

Separates mixed grains

PARTICLES of mixed sizes in dry powders can be separated with a unit produced by British Rema Manufacturing Co., a subsidiary of the Edgar Allen Balfour Group. Called the Microplit, it is stated to be capable of separating the mixed particles into two distinct fractions, above and below a determined cut size. The unit is self-contained with its own circulating fan, separating element and coarse and fine product collecting cyclones. The maker says this eliminates extra equipment and allows the machine to be installed in closed circuit with any type of dry grinding mill. Classification is within the range three to 60 microns. Operation is based on the separating rotor principle which relies on the difference between the centrifugal force acting on the particles, and the drag force of the circulating air, to separate particles of different sizes. Variation of the cut size is by adjusting the flow of circulating air or by symmetrically varying the number of blades on the separating rotor. Details from the maker at Imperial Steelworks, Sheffield S9 1RA, (0742 449054).

TELEVISION

Bid for the market

INTENDED for heavy duty, a new typewriter is aimed at winning a major share of the U.K. office typewriter business for Smith-Corona. It is expected to offer strong competition to most of the popular medium and heavy duty office machines and is about £200 lower in price. The Smith-Corona, which says it is the world leader in electric portable typewriters and leader in

COMPONENTS

Big bright displays

LITRONIX—now part of Siemens—has a new series of 34-digit numeric LED displays with character heights of 0.5 inch. The DL-3531 series is intended primarily for use in commercial and consumer equipment such as digital voltmeters and other electronic instrumentation. With their 0.5 in. character height and the inclusion of a neutral density anti-reflection filter, the series offers an extremely bright, high-contrast display at the nominal current of 10mA per segment. Mounted on a PCB with an integral edge connector, the series offers the advantage of lower cost, simplified assembly into the end product, by comparison with through conventional single lead displays. A clear lens is standard, with an optional red lens available where the application demands. Typical characteristics include a luminous intensity of 0.8 mcd at 10mA per segment, and a forward voltage of 1.8. The 0.5 in. character height ensures display clarity at viewing distance of up to 20 feet. Litronix, 23 Churchgate, Hitchin, Herts SG5 1DN, 0462 56322.

PROCESSES

Heat seal with foil

WHEN MILK and similar food-stuffs that have to be high temperature flash sterilised are packed in high density polyethylene bottles, difficulties may be experienced with sealing the caps. The sterilising process causes the contents of the bottle to expand, forcing off the lid. A French company, Petroplastique Total, of Paris, has developed a process for improv-



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THE OPEN COUNTRY

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

Sonderbeilage über die Bundesrepublik Deutschland

The Financial Times is preparing to publish a survey on WEST GERMANY in its edition of October 24 1977. The proposed editorial synopsis will include articles on the country's successes and its preoccupations; foreign policy will be examined in detail. Other articles will be devoted to defence, energy, agriculture, trade unions and foreign trade. Individual sections of the West German economy will be discussed in a series of articles: these will include shipbuilding, construction, motors, banking, electrical engineering and electronics. The main headings of the proposed editorial synopsis are set out below.

INTRODUCTION West Germany is thought of as one of the most successful countries but it is doubtful if its citizens are as satisfied with their lot as they once were.

POLITICS The coalition government has a majority of ten; there are strains both within the government and within the Social Democratic Party, the majority partner.

THE ECONOMY The economic growth rate, at about 4 per cent, is relatively high but unemployment persists and the investment recovery has been modest.

FOREIGN POLICY (1) The West German view of the world as a major economic power which operates under constraints.

FOREIGN POLICY (2) A more detailed examination of West Germany's policies on the European Community.

DEFENCE West Germany has the largest army in Europe and a growing defence industry; but its security remains dependent on the support of the rest of the Atlantic alliance.

STRUCTURAL PROBLEMS Some of the older structural problems remain and to these have been added new problems arising from unemployment.

ENERGY Except for coal, West Germany is virtually without indigenous energy resources.

PATTERNS OF TRADE An examination of West Germany's major trading partners and of its main imports and exports.

COMPETITION POLICY A new cartel law is planned, but it will not be as strict as the Moopoly Commission wanted.

TRADE UNIONS Some union leaders say that their members accepted restraint only to find that management did not deliver increasing investment.

AGRICULTURE There has been a marked trend to part-time farming, in an industry not generally thought of as highly efficient.

FOREIGN LABOUR A high level of foreign workers has become a permanent feature of the German scene, despite Government efforts to reduce it.

SOCIAL SECURITY The system is one of the finest in Europe, but it has become increasingly expensive.

THE CITIZEN There are signs that Germans are becoming more assertive about citizens' rights.

PROFILES A series of brief sketches on some of the influential people in the country.

BANKING Efforts by an increasing number of German banks to establish themselves abroad.

THE STOCK MARKET An examination of market regulations and the distribution of equities.

STEEL Germany's efforts to remain competitive in another year of crisis for the European steel industry.

SHIPBUILDING Last year's already unsatisfactory flow of orders has slowed to a trickle.

CONSTRUCTION After the peak of the boom in 1973—deep depression from which the industry has only partly recovered.

NUCLEAR ENGINEERING The Germans feel they now have the right products; the problem is to sell them.

CHEMICALS AND PHARMACEUTICALS A remarkable recovery and big profits for the major chemical companies last year has been followed by moderate growth.

MOTORS Despite fears for the future from leaders of the German motor industry, the 1976 boom continues virtually unhampered.

MECHANICAL ENGINEERING The overall performance in a year starting with a flurry of orders which dwindled as summer approached.

ELECTRICAL ENGINEERING AND ELECTRONICS The trend to rationalisation at home, expansion overseas.

AEROSPACE Pressures are increasing for an industry, already smaller than its British and French counterparts, to restructure.

TRANSPORT The development of Germany's road, rail and waterways and the prospects for new transport systems.

RETAILING Increased consumer spending has tended so far to concentrate on products in which the retail trade is only indirectly involved.

CONCLUSION A retrospective discussion taking in the arts, and culture as well as the tourist's Germany and the German image abroad.

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CARICOM

A community falling apart

BY DAVID RENWICK

FEARS FOR the future of CARICOM, the regional Community and Common Market of the Caribbean, are mounting throughout the Caribbean since the recent departure of Mr. Alister McIntyre, its Secretary-General, to a United Nations job in Geneva and in the absence of any visible desire on the part of the best-placed member, Trinidad and Tobago, to grasp the responsibility of firm regional leadership.

There would be no doubt in so many words, Mr. McIntyre's willingness to quit the top CARICOM public service job after serving for only three years, owed as much to his disillusionment with the politicians' feelings about regionalism as it did to his own interest in international commodity affairs (he has joined UNCTAD's commodities division as its director).

As a measure of the stagnation now evident in CARICOM, no moves have been made to select a replacement and even the procedure for so doing has not yet been agreed upon. The CARICOM Council of Ministers, the supervisory body of the integration movement, has only met twice in the last year when it is supposed to gather at least once a quarter. The Heads of Government Conference, the top decision-making assembly, has not been called into session since December 1975 and seems unlikely, at this stage, to take place this year, as some had hoped.

Far from getting together and making an effort to settle the many problems confronting CARICOM, various government leaders have taken to expressing extreme pessimism about regionalism and even to making uncomplimentary remarks about one another in public. Mr. P. J. Patterson, Jamaica's Foreign Affairs Minister, whose responsibilities include CARICOM, has described regional affairs as being in a "parlous state".

Disparities

Obviously speaking with the approval of his Prime Minister, Mr. Michael Manley, Mr. Patterson emphasised the "structural difficulties" besetting regional integration which, he claims, have been magnified by the economic troubles facing many members, as well as by "differences in political orientation between them". He lamented the fact that there had been "little recent dialogue by the Caribbean's political leaders," but insisted that Jamaica would "not be made the scapegoat for the present circumstances".

Mr. Tom Adams, Prime Minister of Barbados, has stressed that a "divisiveness" had emerged in CARICOM because of the disparities of economic fortune between Trinidad and Tobago on the one hand and most other members



Dr. Eric Williams, Prime Minister of Trinidad and Tobago (left), perhaps the most publicly caustic of all; Mr. Michael Manley, Prime Minister of Jamaica (right), who laments the lack of dialogue within CARICOM.

with other CARICOM leaders by his thinly veiled sneer at the Guyana Government as "abusive" and his sardonic query about whether there is "some other Prime Minister somewhere else that we have to account to".

While the leaders trade unfriendly jibes about CARICOM and one another, the fundamental dangers menacing the regional movement show no sign of fading away. If, and when, a Heads of Government meeting is eventually called, it will have to grapple with the following basic threats to the continued existence of Caribbean integration:

1—The persistent payments deficits of almost every member, (even relatively stable Barbados is now struggling to balance its books), which Trinidad and Tobago's surplus cannot cover, even if it were available for the purpose.

2—The sheer disparity in size, stage of development and future potential of CARICOM's varied members. There has seldom been a territory unlikely ever to be a similarity of viewpoint on many issues between a territory like Montserrat, which has 12,000 people, no energy resources and part of its annual budget of \$20.5m. (£3.3m.) still provided by the British Government, and Trinidad and Tobago, with over 1m. people, a thriving oil and gas industry and a budget supplied wholly from its own resources of \$172.4bn. (£37.1m.) this year.

3—The smaller territories' deep resentment because of the lack of tangible benefits to them after that Government, on the one hand, He cannot have endeared himself four years of CARICOM and island.

Nationalisation

On the other hand, Trinidad and Tobago has a fairly free market economy, though with a significant measure of Government ownership of resources. Barbados, St. Lucia, Grenada and the rest of the smaller territories roughly fit into a similar mould. Perhaps the most notable ideological distinction is the Trinidad and Tobago Government's belief that foreign capital can still play a part in building up the CARICOM economy. In Guyana, on the other hand, foreign assets have been taken over one by one and the Jamaica Government has now embarked upon a policy of selective nationalisation, which is in strong contrast with the system that previously prevailed in that island.

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HOME NEWS

Foundry stoppages stem mainly from poor plant

BY OUR INDUSTRIAL STAFF
STAIN'S \$1,000 ferrous foundrymen have more stoppages...

Split threatens grants to Northern job agency

IMPORTANT decisions affecting the future role of the North of England Development Council...

Running car can cost £25 a week

FINANCIAL TIMES REPORTER
MOTORISTS are now paying from £8 to £25 a week to keep their cars on the road...

Co-op is formed to market travel in U.K.

BY ARTHUR SANDLES
MORE THAN two dozen British domestic tour operators and several hundred travel agencies...

New-style motor show

FINANCIAL TIMES REPORTER
MOTORFAIR, a new-style motor show presented by Earls Court Ltd. and the Daily Express...

£6.5m. provided to house old in Scotland

THE Government is to give £6.5m. to provide more sheltered housing for old people in Scotland...

Switched on

The number of London bus inspectors issued with two-way British Car Auctions, for example, hopes to sell about 300 used cars during the show.

Rolls engine makes smooth entrance

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT
ROLLS-ROYCE said yesterday that the latest version of the RB-211 engine, the RB-211-52B...

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Plea to prevent crime

BY JAMES McDONALD
LONDON HOUSEHOLDERS and motorists are being asked to take security precautions to help the police to prevent crime.

APPOINTMENTS

Executive changes in Courage group

Mr. T. P. Durie, assistant managing director of Courage and chairman and managing director of Courage Brewing, will become chairman of Courage (Western) at the end of February 1978.

Mr. P. T. Whittas, chairman of EGGAR FORRESTER, has been appointed to the Board of GAULP ARSTRONG AND KEMBLE and Mr. David Ganitt of that company has joined the Board of Eggar Forrester.

The DELTA METAL COMPANY has made the following appointments in its electrical division: Mr. Fred Basterfield, managing director of Midland Electric Manufacturing and a director of Delta Metal Electric (Holdings), has been appointed chairman of MEM in addition to his responsibilities as managing director. Mr. Philip Burns, managing director of British Electrical Repairs, has joined the Board of the holding company, Delta Metal Electrical (Holdings).

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BY MICHAEL DIXON

I HOPE the Labour Party will not think me cringingly optimistic amid its optimism about economic recovery, if I remind readers of what a Labour Prime Minister said, near Basildon in Essex, ten years and 51 weeks ago:

"There is at present a net loss of one-fifth of the total number of engineers, technologists and scientists which are produced annually from our higher education establishments as a result of emigration... and mainly because they are not given their rightful status and position... We cannot as a nation afford this loss of people trained in the disciplines that are fundamental to the health and vigour of our industry."

Sir Harold Wilson, at least, will not doubt remember those reassuring words. I had forgotten them, along with much of the other detail of the 18-month-long official tuss about the Brain Drain in the late 1960s, until I recalled them the other day while working out the figures for the accompanying table.

The object of that calculating was to test a theory which I put forward in last week's column when calling attention to a projected further increase of over 8 per cent in the production of

EXPANSION IN SUPPLY OF "HIGHLY QUALIFIED MANPOWER" — 1969 to 1975

	1969			1975			% increase in British qualifying
	Total output	Overseas students	British only	Total output	Overseas students	British only	
Engineering and Technology:							
Men	2,182	695	1,487	2,858	1,277	1,581	8
Women	24	9	15	111	46	65	334
Total	2,186	704	1,482	2,969	1,323	1,646	11
Science and Agriculture:							
Men	3,730	761	2,969	4,240	1,195	3,045	3
Women	387	71	316	662	183	479	52
Total	4,117	832	3,285	4,902	1,378	3,524	7
Arts and Languages:							
Men	1,082	310	752	1,411	438	973	29
Women	362	85	267	722	207	515	93
Total	1,424	405	1,019	2,133	645	1,488	46
Social studies:							
Men	1,842	601	1,241	3,794	1,059	2,735	120
Women	339	89	250	1,034	243	791	216
Total	2,181	690	1,491	4,828	1,302	3,526	136

social "scientists" at bachelors-degree level between now and 1982.

The theory is that producing manpower for external working organisations is far less efficient in the education system than producing its own future staff. And since schools prefer to recruit graduates in general,

rather than non-graduates in specific subject areas, it seems likely that the rate of growth of a particular area of study will be determined by the relative unemployability of that area's previous graduates outside education.

If so, and the governmental manpower planners continue to

allow the system to develop according to its own internal forces, the country's main £7bn-a-year manpower-producing machine will steadily devote more and more of its activity to turning out the sorts of people whom the wealth-creating sector least wants.

Since it is the taxpayer who

would be financing any such irrelevance-generating device the testing of my theory is of major importance to almost all of us.

So I decided to explore it at the level of master's and doctorate degrees. These higher degrees seem likely to be especially important because a good number of the people who gain them go off to become lecturers in universities and polytechnics, not only here but in other countries as well.

Now only about two in every five postgraduates in social studies come from career-related subjects such as management, public administration, economics and law. Moreover, since social studies is a relatively new area, external employers, particularly in industry and commerce, are often not persuaded of the wisdom of recruiting its graduates.

The theory would therefore seem to predict that the fastest rate of growth would be in social studies, and the next fastest in arts. Those two top places in the predicted ranking are considerably more certain than the bottom two, especially when agriculture is lumped together with science as it is in my table.

So the way the ranking turned out, by definition, did not surprise me. But the big differences between the rates of growth in

the outputs of different kinds of postgraduates over a mere six years (the dates of the figures are respectively the earliest and the latest for which I have comparable detailed evidence) were a shock.

They surely suggest that at these highest and most expensive levels of study, the irrelevance generator is working with remarkable efficiency.

It is Sir Harold said 11 years ago and leaders in politics and business are still saying now, the scientists, engineers and technologists are fundamental to the health and vigour of our industry, a growth of 136 per cent in the output of British social studies postgraduates as compared with only 11 and 7 per cent in technology and sciences, implies that we have been doing more than enough to sap that health and vigour ourselves, without any need of a Brain Drain to worsen things. But we seem effectively to have one of those ee well. If one takes the percentage of the postgraduate output represented by overseas students returning home and those getting "permanent" jobs abroad, the results are as follows.

In 1969 the total "drain" rates were: engineering and technology 25.2 per cent; science and agriculture 17 per cent; arts 23.1 per cent; and

social studies 21.2 per cent. In 1975 the corresponding rates were: engineering and technology 23.8 per cent; science and agriculture 20.9 per cent; arts 23.3 per cent; and social studies 19.3 per cent. So the only area in which the postgraduate retention has improved is — again — social studies.

The signs are therefore that we are in a more dangerous position now than we were in 1968. Then, of course, the Prime Minister and his colleagues spent more than a year ordering official inquiries and otherwise carrying on about it. The difference to-day is that the Government cannot be seen to be doing anything, which is even more alarming.

Stone's throw

STONE, in Staffordshire, seems an unlikely base for an international market research consultancy. But the eight-strong firm which Terry Darlington has built up there carries out assignments in France, Germany, Italy, Denmark, Sweden, the United States, Taiwan, Japan and Nigeria, as well as here.

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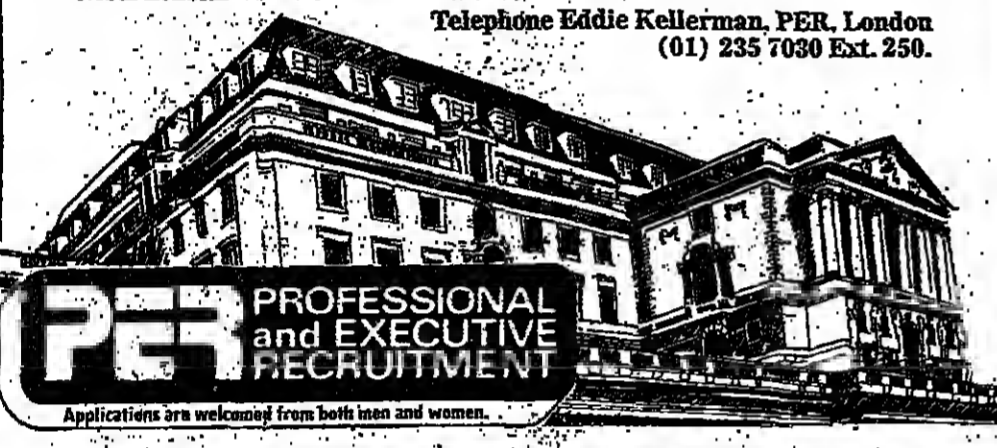
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Accountant

Getty (Britain) Ltd. c.£8,000 + car
Getty (Britain) Ltd. is a major independent oil company about to expand its U.K. based activities. The senior management team of the company will be of very high calibre and a number of appointments have already been made. The company now wishes to recruit a well qualified Accountant to fill what it considers to be a crucial executive role. The person appointed will be responsible for establishing an effective accounting system and department and for providing a total expertise in this area together with a wide range of administrative responsibilities. A flexible approach is required which will allow the Accountant to be simultaneously involved in a wide end varied range of tasks. This appointment requires a professionally qualified man or woman, aged 30-45, who can make a positive contribution to the effective management of a last moving successful company. The location is an attractive one within easy commuting distance of London. The remuneration package will include a salary around the figure indicated plus pension plan, life assurance, BUPA membership and some assistance with any necessary relocation costs.
(PA Personnel Services Ref: AA45 6144 FT)

The identity of candidates will not be revealed to our clients without prior permission given during a confidential discussion. Please send brief career details, quoting reference number to the address below, or write for an application form, and advise us if you have recently made any other applications.

PA Personnel Services

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874
PA
A member of IFA International

FINANCIAL CONTROLLER CIRCA £9,000 + AUTO

Seatrain Mid-East Headquarters in London requires a Financial Controller experienced in the shipping business. Applicant should be a qualified accountant with ACCA, ACA or ACCA. You should be between 25-35 years of age, energetic, willing to work in an unstructured environment and able to travel throughout the Mid-East. You will report directly to the Managing Director and will be primarily responsible for assessment of operating performance by business managers to their Financial Plan, Development of Budgets and General Administration of the Accounting Function. If you would enjoy working in this fast moving, shirt-sleeve environment, please reply in writing, giving full details to:
MANAGING DIRECTOR, Seatrain Congulf N.V., 25/29 Camomile Street, London EC3A 7LE.

Two Senior Financial Appointments

to £15,000 + car

These appointments will be attractive to financial executives who are contemplating key career moves. They are likely to be Chartered Accountants aged up to forty-five and currently earning into five figures. A major British Group has created two roles, each requiring a high degree of self-motivation and a sophisticated background of experience preferably gained in a process/manufacturing environment. One of these appointments calls for substantial general management capability, and the other responsibility for treasury and asset management and financial planning. Meetings can be arranged either in Manchester or London.

Please forward, in complete confidence, quoting reference 1044MA, a brief career summary or telephone for an application form to D.S. Thomson, Mervyn Hughes Group, 53/55 Princess Street, Manchester M2 4EQ. Tel: 061-236 8935.

Mervyn Hughes Group
Management Recruitment Consultants

WOOD, MACKENZIE & CO.

CHEMICAL SECTOR-ANALYST

As part of an expansion of its chemical research, Wood, Mackenzie has a vacancy for an analyst to specialise in the development of detailed research in the agrochemical industry. Wood, Mackenzie has recently established a reputation for high quality work on agrochemicals and the vacancy offers a challenging opportunity for an ambitious individual to further develop the firm's expertise in this area. Candidates should be graduates with several years experience of the international agrochemical industry possibly in the field of market research. In addition to an attractive salary the firm operates profit related bonus and contributory pension schemes. Location will be in Edinburgh.
For an application form please apply to: James Cook, Wood, Mackenzie & Co., 68-73 Queen Street, Edinburgh EH2 4NS. Tel: 031 226 4141

Investment Management

The Investment Office of The Central Board of Finance of the Church of England, which provides management for the funds of The Central Board, The Charities Official Investment Fund and The Local Authorities Mutual Investment Trust, is seeking an Overseas Investment specialist. The successful applicant must have a sound knowledge of investment analysis and experience of the United States stock market. He/she will preferably be a graduate or have a professional qualification. Salary will depend on qualifications and experience. Non-contributory pension fund. Write, with full career details, to: The Investment Manager, The Central Board of Finance of the Church of England, Winchester House, 77 London Wall, London, EC2N 1DB, marking the envelope "Confidential."

Company Secretary/Accountant

George Woolliscroft & Son Ltd., Ceramic Tile Manufacturers, are seeking applicants for the above position. Candidates aged between 30 and 45 years, having a recognised Accountancy qualification and industrial experience, are preferred. Salary is negotiable, plus car. Please apply giving all personal and career details to the Managing Director, c/o George Woolliscroft & Son Ltd., Melville Street, Hanley, ST1 3ND. Tel: Stoke-on-Trent 25121.

SENIOR CONSULTANT

£12,000-£14,000
The London office of a major international consulting firm seeks to add a Senior Consultant to support their substantial activities in strategic marketing for international clients as well as to increase their general management consulting resources in Europe. Candidates are likely to have specific consulting background, will be University graduates and may have an MBA. Location is London and the salary will be negotiable in the range of £12,000 to £14,000. Age is flexible. Candidates should contact: CONSULTING PARTNERS, 17/18 Old Bond Street, London, W 1 (Tel: 01-499 6416)

Financial Analyst

Home Counties £6,500 plus relocation

The Company: Client a major multi-national company is the market leader in its field.
The Job: involvement in marketing with the emphasis on influencing decisions/actions before the event. Critical analysis and interpretation of all financial aspects of sales and marketing. Budgetary control/forecasting, long range planning and pricing. Financial evaluation of new products.
The Candidate: A self-starter who must be highly articulate with strong but tactful personality. Graduate/Accountant aged 24-30. Please forward CV with adequate information to make subsequent application forms unnecessary to: M. Rudkin, quoting ref: 023/MR/FT, Moxon Dolphin & Kerby Ltd, 60 St. Martin's Lane, London WC2N 4JB. If there are any companies to whom you do not wish your application to be sent, please list them in a separate covering letter.

MOXON DOLPHIN & KERBY LTD
MANAGEMENT SELECTION

SENIOR INTERNATIONAL BANKERS

LATIN AMERICA AND FAR EAST
We are a London headquartered consortium bank with exceptionally strong shareholders. Expansion of our business in Latin America and the Far East has created two senior positions for international bankers with good experience and fluency in the most important languages of the areas. Both executives will be located initially in London with eventual residence in the field possible. Salary and benefits will be based on qualifications. Curriculum vitae and a handwritten letter stating the reasons for interest in one of the positions should be addressed in complete confidence to: G. Hoffman, Managing Director, 2 Throgmorton Avenue, London EC2N 2AP, England.

MD Designate

Home Counties
to provide for succession in the British subsidiary of a major international group recognised as a world leader in its particular fields. Initially the successful candidate will assume control of the marketing and sales function and will act as Assistant Managing Director. The ideal candidate is probably aged between the late thirties and early forties and will have gained general management experience via the marketing and sales function, preferably in the packaging or building products fields. Fluency in a second language would be an advantage. Salary is negotiable from £7,500 plus car, pension. Please write—in confidence—to J. M. Ward ref. B.41327. This appointment is open to men and women.
MSL Management Consultants
Management Selection Limited
17 Stratton Street London W1X 6DB

MERCHANT BANKING
S. G. Warburg & Co. Ltd.

Our corporate finance business continues to grow and we are seeking young executives with the potential to make a significant contribution to our business.

Successful applicants are likely to be graduates, aged between 24 and 30, who have obtained a professional qualification in law or accountancy, or a business school degree. It will be an advantage, particularly so far as older applicants are concerned, if they have also acquired some post qualification experience relevant to our corporate finance business.

Applications, enclosing a concise curriculum vitae, should be sent in confidence to:

G. E. J. Wood, S. G. Warburg & Co. Ltd.,
30 Gresham Street, London EC2P 2EB.

Daily
Newspaper
requires a
REPORTER

Salary c. £3,750

For its rapidly-expanding finance section. Age: Mid 20's. Excellent fringe benefits include: season ticket scheme, non-contributory pension scheme, annual bonus, and subsidised lunches in our own restaurant.

Please apply in writing to:
Miss G. Charter,
Personnel Officer,
CORPORATION OF LLOYD'S,
Lime Street,
London, EC3M 7HA.

Management Accounting Manager

Rural East Midlands, c. £10,000

To take charge of the management accounting function of a major division of an international group. Responsibility is to the Financial Controller for the analysis, evaluation and effective communication of financial information which enables managers to measure their performance against agreed objectives and to improve profitability. Sophisticated accounting systems and procedures are in operation, adequately supported by advanced data processing facilities. The requirement is for a qualified accountant, preferably a graduate, with at least three years post qualification industrial experience, ideally in the fast moving consumer product field. Proven creativity and the ability to communicate financial information to non-financial managers at senior and middle levels are essential. Preferred age of applicants is 27 to 33.

B. F. Hoggett, Ref: 10128/FT

Male or female candidates should telephone in confidence for a Personal History Form to:
LEEDS: 0532-448661, Minerva House, 29 East Parade, LS1 5RX.

Hoggett Bowers
Executive Selection Consultants

BIRMINGHAM, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD

INSTITUTIONAL SALES EXECUTIVE

A leading firm of stockbrokers requires a 22-28 year-old executive to join their international Marketing Team.

They are seeking applications from individuals who:

- have at least two years' stockbroking experience
- have detailed knowledge of the U.K. equity market and proven selling ability
- can show initiative and flexibility in their approach
- have a working knowledge of French and/or German

Competitive salary will be commensurate and will reflect the responsibility of the position. Other benefits include bonus scheme and non-contributory pension.

All applications will be forwarded direct to our client. Please indicate in a covering letter any firms to whom you do not wish to apply.

Please send a detailed career résumé, quoting ref 883, to:

W. L. Tait,
Touche Ross & Co.,
Management Consultants,
4 London Wall Buildings,
London EC2M 5UL.
Tel: 01-588 6644.

TOUCHE, REMNANT & CO.

Investment Staff
Late 20s London

Touche, Remnant & Co. provide investment management and secretarial services to a group of investment trust companies and pension funds. Total funds currently under management exceed £700m and the company is planning to increase its experienced investment staff.

The new member of the staff will be primarily responsible for reviewing portfolios managed by the group. He/she will also contribute to the organisation and planning of the work of other members of the Investment Services Department.

The successful applicant should possess a professional qualification and/or a good university degree and a minimum of three years commensurate professional knowledge, acquired through practical experience in portfolio management or investment research.

A highly competitive salary will be offered and there are excellent prospects.

Please write or telephone for an application form, quoting ref. 882, to:

W. L. Tait,
Touche Ross & Co.,
Management Consultants,
4 London Wall Buildings,
London, EC2M 5UL.
Tel: 01-588 6644



BANKING PERSONNEL

41/42 LONDON WALL
LONDON EC2

THE NEW RECRUITMENT CONSULTANCY

SECTION HEAD, MGMT. SYSTEMS
£7,000 + Bens. Age 25-35
To control Dept. of 8 in young Intl. Bank Exp. of B of E rets., F/X Accounts and Gen. Bk. Accounting. Exc. prospects.

SENIOR LOANS ADMIN.
c. £5,000 - Age 24-30
For small but active U.S. Bank. Prev. exp. of syndicated corporate lending and collateral evaluation. Impressive fringe benefits and working conditions.

FOREIGN EXCHANGE
£3,200-£5,000
2 Intl. Banks require exp. settlement and instructions staff. Real career positions.

SENIOR BRANCH BANKER
£5,000 - Age 25-32
Clearing Bank Secs. background and min. Part I for customer liaison in prestige office. Progressive opportunity.

WE CAN HELP YOU WITH YOUR CAREER
LET OUR OPENING BE YOUR NEW OPENING
Telephone us NOW on 588 0781

SPECIAL PROJECTS
ACCOUNTANT

Generous negotiable remuneration Based Nairobi

A major multi-national manufacturing and marketing corporation requires a qualified accountant for its African and Middle Eastern operations.

Based on Nairobi the successful candidate must be prepared to travel extensively throughout the area and should ideally have 3-5 years post qualification experience

in financial systems, inventory control, standard costing, capital budgeting and some exposure to data processing. Duties, which are varied and interesting, give scope for individual initiative.

Total compensation package is open to negotiation including salary plus full living expenses paid for by the company.

Applications in confidence under ref: 6150 to J. S. Tucker, Mervyn Hughes Group, 2-3 Cursitor Street, London, EC4A 1NE. Tel: 01-404 5801 (24 hours).

Mervyn Hughes Group
Management Recruitment Consultants

BUSINESS NEWS EDITOR
INTERNATIONAL BUSINESS MAGAZINE

Age 30-45 London W.1 Salary £7,500 Neg. + Benefits

A challenging post for an experienced journalist who can develop an International Business Magazine and strengthen the editorial team.

The subject matter for a lively journalist, able to report, analyse and commission features, includes financial controversy, investment advice, company news and management tactics.

The post includes certain benefits with a suggested starting salary of £7,500.

This position is open to male and female applicants. Please contact in confidence Ian Willis ref. Job. No. 1167.



Right Match International
26 Dover Street, London W1X 3PA.
Tel: 01-491 4737. Telex: 97190

Jonathan Wren
Banking Appointments

The personnel consultancy dealing exclusively with the banking profession.

CREDIT ANALYST c. £6,000
A merchant bank wishes to augment its Credit Department by recruiting an additional experienced Analyst. Applicants, aged up to 30, should have a minimum of two years' experience and preference will be given to applicants who have received formal training in American credit analysis techniques.
Contact: Kenneth Anderson (Director)

ASSISTANT ACCOUNTANT to £7,000
The merchant bank subsidiary of an international bank seeks an international bank accountant to act as assistant to a qualified Chief Accountant. The successful candidate will have good all-round experience to final accounts, and will be well versed in all reporting requirements for the Bank of England and Federal Reserve Bank. Knowledge of Eurobond reporting requirements would be a considerable advantage.
Contact: David Grove

TRAINING OFFICER c. £5,500
A bank in the City wishes to recruit a Training Officer, who will be involved in all aspects of training and staff development. Candidates should be graduates aged 24-32, with previous experience in the technical training of managerial and clerical staff. The position offers excellent career prospects.
Contact: Mike Pope

ACCOUNTANT c. £2,500
A quoted Accountant (A.C.A. or A.C.C.A.) is required by an overseas bank in the City for a responsible position within the Accounts Department. The successful candidate will be aged under 40, preferable but not necessarily with banking experience.
Contact: Mike Pope

Jonathan Wren & Co Ltd, 170 Bishopsgate, London EC2M 4LX 01-6234266

Special Projects
Accountant

London, Victoria around £9,000 plus car

Our clients are looking for a qualified accountant or M.B.A., ideally aged 25-32, who already has experience of a modern industrial or commercial group's management information function. This new job reports directly to the Financial Controller of a quoted U.K. industrial group whose growth record and management development record are both excellent. There is a very wide brief including capital project appraisal, financial modelling, reporting and control systems review and development (with E.D.P. support) and other special studies as problems arise. The combination of short term job interest and long term prospects is unusual and we can recommend it. Fringe benefits are similarly good.

For a fuller job description candidates of either sex should write to John Courtis and Partners Ltd, Selection Consultants, 78 Wigmore Street, London W1H 9DQ, demonstrating their relevance briefly but explicitly and quoting Ref. 7001/FT.

JO&P

HARRIS ORPINGTON
CARPETS KENT

FINANCIAL
CONTROLLER
Circa. £6,000

A qualified accountant is required for a challenging position within one of Britain's leading retail furniture and carpet groups—a group that has shown substantial growth over the past three years, and now has over 120 retail outlets. The successful applicant will be responsible to the Financial Director for all management and financial accounts, and will be expected to contribute towards the further development of the existing systems.

Applicants, male or female, please write to H. W. H. Ellis, Financial Director, Harris Carpets, Harris House, Sevenoaks Way, Orpington, Kent.

LLOYD'S
BROKERS

require

Second-in-command to Director of new, rapidly growing non-U.K. Life, Personal Accident and Health Insurance division of influential broking group at Lloyd's whose expansion has led to re-structuring.

This appointment will involve working in the London market as well as regular travel abroad. It will be challenging and rewarding, requiring business acumen and initiative.

Please write:
Box 77/493, c/o Hanway House,
Clark's Place, London, EC2N 4BJ.

OIL
ANALYST

An experienced investment analyst is required by a major financial company to undertake coverage of domestic and international oil companies.

Remuneration will fully reflect the unusual and challenging nature of this job in the form of a substantial salary and benefits.

Please send full details in confidence

Write Box A6105
FINANCIAL TIMES
10 Cannon Street, EC4P 4BY

BAHRAIN MANAGER
INSURANCE BROKERS

Aged 27-35. Good experience of small commercial hull insurance with a Lloyds broking background is essential. Some knowledge of cargo and Non-marine insurance is also required. This is a very good position for an ambitious person to develop the business in Bahrain and gives full scope for client servicing and development. An excellent tax-free salary, free accommodation and other benefits will be offered.

Telephone: Miss S. Gould
01-283 3881

DUKE'S CAREERS

21, LIVERPOOL STREET, E.C.2.

STATISTICAL ASSISTANT

Leading firm of stockbrokers requires statistical assistant with sound knowledge of company accounts. The work is with a small team analysing the accounts of U.K. companies as part of a new statistical service.

Preferred age 25-30.
Salary commensurate with age and experience.
Apply Box No. 271, Streets Financial Limited, 62 Wilson Street, London, E.C.2.

DRAKE ACCOUNTING

A FINANCIAL CONSULTANT
IN COMMERCE
c. £6,000

An unusual opportunity to join a multi-discipline professional team within the Management Services Division of major U.K. conglomerate operating world-wide. Essentially London based but involving U.K. travel, your assignment will cover the analysis of specific operations from a financial cost benefit and marketing standpoint. Your role is considered essential to the growth, efficiency and profitability of the Group. Personal performance is regularly assessed with the intent of a senior line appointment within 2 years.

Your success will be based upon technical ability, the imagination, creativity and flair for investigation and design detail and the communication of ideas for acceptance and co-operation by Senior Management. Application is invited from qualified accountants aged 25+ having experience of modern management information systems. Contact Drake Accounting on 01-422 7491 for information and an application form. DRAKE ACCOUNTING (Consultancy), 30 Bishopsgate, E.C.2.

UNIVERSITY OF LONDON

Readership to
Mineral Industry
at Imperial College of Science
and Technology

The Senate invites applications for the Readership in Mineral Industry (tenable in the Department of Mineral Resources Engineering).

1. To initiate and carry out research into mineral industry problems related to mineral economics.
2. To undertake the supervision of a postgraduate MSc course for mining engineers involving application of business techniques and economics in the exploitation of mineral deposits.
3. To teach mineral economics to postgraduate and undergraduate students.

A good honours degree in a relevant discipline combined with industrial experience and an interest in teaching is required.

Salary scale £6463-£7851 plus £650 London Allowance. Applications (19 copies) must be received not later than 14th November 1977 by the Academic Registrar, University of London, Senate House, Cannon Walk, WC2E 7HU. Only those who have further particulars should first be obtained.

EUROPEAN TAX MANAGER

A multinational company has immediate openings for a tax manager for its European subsidiaries. Position will be based in the company's European headquarters in Nice, France, and will involve frequent travel to other European offices. Minimum three years international tax experience with strong knowledge of U.K. tax law and the relevant provisions of the European Community Treaty. Salary commensurate with experience. Apply to: Mr. J. Smith, 10, Cannon Street, E.C.4.

Application

السنة الأولى

Chief Accountant

London, West End up to £7,000

Our client, one of the fastest growing advertising agencies in London with an equally important public relations associate seeks to appoint a Chief Accountant to manage the total accounting function of the company.

Candidates must be qualified accountants and ideally should have experience in advertising or a similar service organisation.

Applicants (male or female) should write in confidence enclosing concise personal and career details quoting ref M.898/FT to J. D. Atcherley.

AMS Arthur Young Management Services, Rolls House, 7, Rolls Buildings, Fetter Lane, London EC4A 1NE.

Esso

The Esso Pension Fund Investment Analyst

An experienced Investment Analyst is required to join our small team who are responsible for managing the assets of the Pension Fund.

Applicants should possess an honours degree with either an M.B.A. or a relevant professional qualification, some experience in overseas markets would be an advantage. The position calls for an enthusiastic self-starter who has the potential for future development. Assistance will be given, if necessary, with relocation costs.

Please write giving brief details of present salary, qualifications and experience to: Head of Recruitment (3830), Esso Petroleum Company Limited, Esso House, Victoria Street, London SW1E 6JW.

If you are an

ACCOUNTANT & BORED WITH YOUR JOB?

Join us. We can't offer a long list of benefits — we won't dangle the carrots of promotion before you. We will offer a challenging and responsible position with a rapidly expanding publishing company, where you'll be dealing with all accounting functions.

You will be working with happy people, in London and get a £6,000 p.a. for enjoying yourself.

Interested? Drop a line to: Box A6106, Financial Times, 10 Cannon Street, EC4P 4BY.

GROUP BANKING EXECUTIVE

A Trading and Shipping company with worldwide interests, seeks an experienced and qualified person to handle the bank documentation involved, with its trading contracts and to liaise with the banks at all levels.

Candidates should preferably be a member of the Institute of Bankers and should have previous executive banking experience covering documentary credits.

Generous fringe benefits including non-contributory pension scheme and B.U.P.A. remuneration will be by negotiation.

Please send details of past career and salary required to: Mr. Roy Kinchin, GENERAL PRODUCE AND FIBRES LTD., 1-7 St. Thomas Street, London SE1 9RY.

DRAKE ACCOUNTING

TRAINEE ACCOUNTANT £4,400

A rare opportunity for career development with one of the world's major oil companies, active in the refining, distribution and marketing of oil.

Your personal development programme will include on the job training with assistance and encouragement. The completion of your studies. Your prospects will be excellent. Broadly and transferable into many other areas.

For more information, 20's, have attended P.I. ACCA/ACMA and have completed experience. Rigorous selection process. The Appointment Interview. DRAKE ACCOUNTING (Consultants), 28, Bishopsgate, EC2.

GRADUATE FOR BANKING

Graduate, aged 22-25, with a good degree, required for expanding applications department.

The successful candidate will report directly to an assistant general manager and will be responsible for the organisation and coordination of major loans. Cases with clients will necessitate travelling overseas and, therefore, a facility for languages would be an advantage although this is not essential. This is a challenging opportunity for a person who wishes to develop a career in banking.

Salary and benefits will be commensurate with the importance of this position.

Applications should be sent to our Selection, together with a detailed curriculum vitae, to: H. E. CHIL, M.A., Personnel Manager, Southampton Bank Ltd., 26 Lombard Street, London EC2A 1BB.

ACCOUNTANT SALARY £7,500

Leading international bank have an opening for an ASSISTANT ACCOUNTANT. He/she will lead a staff group of about 10. Banking background not essential but preferred. Excellent prospects with opportunity to travel. Benefits include bonus, BUPA, mortgage and loan facilities.

To discuss telephone: Trevor Brown on 01-493 7121 HUDSON PERSONNEL, 20, Old Bond St., London, W.1.

PERSONAL

YOUR HOME TOO LARGE? Your house can be instantly used if you gift it to the National Charity Help The Aged. Our services will be undertaken free of cost. We can instantly re-configure for your use of your surplus space's use for your own use. Offer services converted for other people. Please write without obligation to: National Charity Help The Aged, 22, Dover Street, London W1A 2AP.

FOR SALE

Various services - Oracle and Coles. For more information, apply for less than £1000. Contact: 22, Dover Street, London W1A 2AP.

CONTRACTS AND TENDERS

TENDERS FOR CONTRACTS TO BE FINANCED BY THE WORLD BANK (LOAN NO. 1469-YU) EUROPEAN INVESTMENT BANK (EIB) AND EXPORT/SUPPLIER CREDITS FOR THE SECOND POWER TRANSMISSION PROJECT OF YUGOSLAVIA

ZAJEDNICA JUGOSLOVENSKE ELEKTROPRIVREDE (JUGEL) (UNION OF YUGOSLAV ELECTRIC POWER INDUSTRY) Coordinating Committee, Balaska 13-15, 11000 Belgrade, Yugoslavia.

Invites Tenders for the following Contracts to be financed by the World Bank and EIB (restricted to the World Bank Member Countries and Switzerland):

TENDER NO. 1 - POWER TRANSFORMERS
12 Nos. 400 MVA, 400/231/31.5 kV POWER TRANSFORMERS
13 Nos. 300 MVA, 400/115/31.5 kV POWER TRANSFORMERS
1 No. 300 MVA, 400/115/31.5 kV POWER TRANSFORMER WITH ON-LOAD TAP CHANGERS

TENDER NO. 2 - CIRCUIT BREAKERS AND ISOLATORS
241 Nos. CIRCUIT BREAKERS of voltages 400, 230 & 110 kV
751 Nos. ISOLATORS of voltages 400, 230 & 110 kV

Tender Documents could be obtained on payment of US \$ 200 each for Tender 1 and Tender 2 to Account No. 60811-620-56-7191-000-102-1378 of Zajednica Jugoslovske Elektroprivrede at the Yugoslav Foreign Bank - JUGOBANKA, Belgrade, stating "For the Second Power Transmission Project." This payment will not be refunded.

Tenders shall be received at the above mentioned address until 12.00 hrs on Friday, December 2, 1977, when they will be publicly opened and read. Tenders received after the time of tender opening will be returned unopened.

JUGEL also invites Manufacturers/Suppliers to register their interest to bid on this Project for the following Tenders which will be issued during the month and year indicated against each.

A. WORLD BANK & EIB FINANCED CONTRACTS (restricted to the World Bank Member Countries and Switzerland)

Items	Financed by	Tender issued on
METERING TRANSFORMERS	The World Bank	3 Dec. 77
LIGHTNING ARRESTERS	The World Bank	4 Dec. 77
SHUNT REACTORS	The World Bank	5 Dec. 77
RELAYS AND METERING EQUIPMENT	The World Bank	6 Dec. 77
TELECOMMUNICATION EQUIPMENT (MICROWAVE RADIO-RELAY NETWORK)	EIB	7 June 78

B. EXPORT/SUPPLIER CREDITS FINANCED CONTRACTS

Items	Tender issued on
METERING TRANSFORMERS	SC-2 Dec. 77
LIGHTNING ARRESTERS	SC-4 Dec. 77
SHUNT REACTORS	SC-5 Dec. 77
RELAYS AND METERING EQUIPMENT	SC-6 Dec. 77
MICROWAVE RADIO-RELAY NETWORK AND OTHER TELECOMMUNICATION EQUIPMENT	SC-7 June 78
TOWERS	SC-8 Dec. 77
CONDUCTORS	SC-9 Dec. 77
INSULATORS	SC-10 Dec. 77
LINE HARDWARE	SC-11 Dec. 77

Registration letters should be sent to JUGEL at the above mentioned address.

COMISION EJECUTIVA HIDROELECTRICA DEL RIO LEMPA (CEL) EL SALVADOR, CENTRAL AMERICA

Announces that international competitive Bid Invitations will be conducted for the: **STEEL PIPES AND ACCESSORIES for Unit No. 3 of Ahuachapin Geothermal Power Plant.**

Bidding Documents are expected to be available and Bids are expected to be opened in accordance with the following schedule:

Issued Documents	Bid Opening Date	Delivery Date
Nov 7, 1977	Jan 10, 1978	July 31, 1978

The Bid refers to about 6,000m. steel pipes and 350 elbows or bends of 12.16 and 20 inches nominal diameter schedule 20, according to ASTM A 53 Grade B standard specification and includes pipe hangers and various valves and accessories.

Contract Documents will be available to bidders at ELC-Electrosuelt, Consulting Engineers, Via Chibarras 8, 20151 Milano, Italy or at COMISION EJECUTIVA HIDROELECTRICA DEL RIO LEMPA (CEL), 9a, Calle Poniente 950, San Salvador, El Salvador, C.A.

Bidders not previously qualified must submit with their offer the following information:

- Experience record in similar works
- Brochure statement of financial resources
- Description of plant and organisation
- Banking references
- Other information which will aid in judging Bidders qualification.

CEL has received a loan from the World Bank (IBRD) and proceeds of this loan will be applied to financing the contract resulting from the above Bid Invitation.

Bidding is open only to firms from member countries of IBRD and/or Switzerland.

2 NEW SEMINARS FROM ABP LTD.

The Institutional Investor and the Public Company
21st October, Connaught Rooms, London, WC2.

Chairman: Lord Remnant, FCA, (Touche, Remnant & Co.)

Speakers: Norman Lamont, M.P. (Rochechild Asset Mgmt. Ltd.), Robert Sutherland Smith (Nuffield Pension Fd.), Lawrence Banks (Savoy and Prosper Group Ltd.), Neil Young (Kleinwort, Benson Ltd.), Robert Heller (Management Today)

This seminar is aimed specifically at industrial managers, to increase their understanding of how the City operates and why.

Economic Forecasting & Business Decisions
31st October, Royal Garden Hotel, London, W8.

Chairman: Brian Walden (Former MP, now Weekend World)

Speakers: Michael Surrey (N.I.E.S.R.), David Stout (Economic Director, N.E.D.O.), Enoch Powell, P.C., M.P., Derek Bowen (Dir. of Mktg. Services, Becham Gr.), Bernard Bennett (Dir. of Mktg. Services, Southern TV)

This seminar will discuss how forecasts are made, the use to which they are put and their usefulness.

Each seminar will last from 9.30 until approx. 16.30 and the registration fee, which is £20 plus VAT for each, includes morning coffee, pre-lunch drinks, lunch with wine and afternoon tea.

Applications, enclosing payment and quoting ref, to: Vice President Chambers, ASSOCIATED BUSINESS PROGRAMMES LTD., 17, Bedford Way, London, SW1E 6LN. (Tel: 01-834 8207), who will also supply further details on request.

CLASSIFIED ADVERTISEMENT RATES

	per line	single columns
Industrial and Business Premises	3.75	12.50
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COMPANY NOTICES

ANGLO AMERICAN COAL CORPORATION LTD.
Unincorporated in the Republic of South Africa

NOTICE OF DIVIDEND: The Board of Directors of Anglo American Coal Corporation Ltd. has resolved to pay a dividend of 10% on the ordinary shares of the company for the year ended 31st December 1976. The dividend will be paid on 15th October 1977 to the holders of the shares as at the close of business on 30th September 1977.

JAMES BEATTIE LIMITED
NOTICE IS HEREBY GIVEN that the directors of James Beattie Limited have resolved to pay a dividend of 10% on the ordinary shares of the company for the year ended 31st December 1976. The dividend will be paid on 15th October 1977 to the holders of the shares as at the close of business on 30th September 1977.

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE
Chancery Division Companies Court, in the Matter of F. G. MOTORS (FURHAM) LIMITED and in the Matter of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company by the High Court of Justice, in the Chancery Division, was presented to the said Court by THE DEPARTMENT OF HEALTH AND SOCIAL SECURITY and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, W.C.2., on the 21st day of October 1977, and any creditor or contributory of the said Company desiring to appear or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requesting such copy on payment of the regulated charge for the same.

M. W. M. OSMDON,
State Solicitor,
High Holborn, London, W.C.1.

NOTE: Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named solicitor in writing his intention so to do. The notice must state the name and address of the person, or of a firm the name and address of the firm, or of his or her solicitor (if any) and must be served, or if posted, must be sent by post, not later than four o'clock in the afternoon of the 20th day of October 1977.

IN THE MATTER OF BRADBURY METALS LIMITED
IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required to send in their full names and addresses, full particulars of their debts or claims, and the names and addresses of their solicitors, to the undersigned, at the address of the Liquidator, at the time and place as shall be specified in the notice, or in default thereof they will be excluded from the benefit of any distribution made before the date of the winding up.

Dated the 26th day of September, 1977.
PHILIP EDWARD COUSE,
Liquidator.

IN THE MATTER OF THOMAS MADDELY LIMITED
IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required to send in their full names and addresses, full particulars of their debts or claims, and the names and addresses of their solicitors, to the undersigned, at the address of the Liquidator, at the time and place as shall be specified in the notice, or in default thereof they will be excluded from the benefit of any distribution made before the date of the winding up.

Dated the 26th day of September, 1977.
PHILIP EDWARD COUSE,
Liquidator.

IN THE MATTER OF VAUXHALL PLATING LTD
IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required to send in their full names and addresses, full particulars of their debts or claims, and the names and addresses of their solicitors, to the undersigned, at the address of the Liquidator, at the time and place as shall be specified in the notice, or in default thereof they will be excluded from the benefit of any distribution made before the date of the winding up.

Dated the 26th day of September, 1977.
PHILIP EDWARD COUSE,
Liquidator.

NOTICE OF REDEMPTION

To the Holders of

Comalco Investments Europe S.A.

9 1/2% Collateral Trust Bonds Due 1985

Issued under Collateral Trust Indenture dated as of November 1, 1970

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the above mentioned Indenture, \$1,000,000 principal amount of the above described Bonds has been selected for redemption on November 1, 1977, through operation of the Sinking Fund, at the principal amount thereof, together with accrued interest to said date, as follows:

BONDS OF \$1,000 EACH

No.	Serial	Issue	Redemption
1018	1084	1084	1084
1019	1085	1085	1085
1020	1086	1086	1086
1021	1087	1087	1087
1022	1088	1088	1088
1023	1089	1089	1089
1024	1090	1090	1090
1025	1091	1091	1091
1026	1092	1092	1092
1027	1093	1093	1093
1028	1094	1094	1094
1029	1095	1095	1095
1030	1096	1096	1096
1031	1097	1097	1097
1032	1098	1098	1098
1033	1099	1099	1099
1034	1100	1100	1100
1035	1101	1101	1101
1036	1102	1102	1102
1037	1103	1103	1103
1038	1104	1104	1104
1039	1105	1105	1105
1040	1106	1106	1106
1041	1107	1107	1107
1042	1108	1108	1108
1043	1109	1109	1109
1044	1110	1110	1110
1045	1111	1111	1111
1046	1112	1112	1112
1047	1113	1113	1113
1048	1114	1114	1114
1049	1115	1115	1115
1050	1116	1116	1116
1051	1117	1117	1117
1052	1118	1118	1118
1053	1119	1119	1119
1054	1120	1120	1120
1055	1121	1121	1121
1056	1122	1122	1122
1057	1123	1123	1123
1058	1124	1124	1124
1059	1125	1125	1125
1060	1126	1126	1126
1061	1127	1127	1127
1062	1128	1128	1128
1063	1129	1129	1129
1064	1130	1130	1130
1065	1131	1131	1131
1066	1132	1132	1132
1067	1133	1133	1133
1068	1134	1134	1134
1069	1135	1135	1135
1070	1136	1136	1136
1071	1137	1137	1137
1072	1138	1138	1138
1073	1139	1139	1139
1074	1140	1140	1140
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1077	1143	1143	1143
1078	1144	1144	1144
1079	1145	1145	1145
1080	1146	1146	1146
1081	1147	1147	1147
1082	1148	1148	1148
1083	1149	1149	1149
1084	1150	1150	1150
1085	1151	1151	1151
1086	1152	1152	1152
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1101	1167	1167	1167
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1103	1169	1169	1169
1104	1170	1170	1170
1105	1171	1171	1171
1106	1172	1172	1172
1107	1173	1173	1173
1108	1174	1174	1174
1109	1175	1175	1175
1110	1176	1176	1176
1111	1177	1177	1177
1112	1178	1178	1178
1113	1179	1179	1179
1114	1180	1180	1180
1115	1181	1181	1181
1116	1182	1182	1182
1117	1183	1183	1183
1118	1184	1184	1184
1119	1185	1185	1185
1120	1186	1186	1186
1121	1187	1187	1187
1122	1188	1188	1188
1123	1189	1189	1189
1124	1190	1190	1190
1125	1191	1191	1191
1126	1192	1192	1192
1127	1193	1193	1193
1128	1194	1194	1194
1129	1195	1195	1195
1130	1196	1196	1196
1131	1197	1197	1197
1132	1198	1198	1198
1133	1199	1199	1199
1134	1200	1200	1200

On November 1, 1977, the Bonds designated also will become due and payable as provided in such certificate of redemption of the United States of America as at the time of payment of the principal amount of the Bonds and interest thereon. Said Bonds will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the Corporate Trust Office of Morgan Guaranty Trust Company of New York, 15 Broad Street, New York, New York 10015, or (b) only at the offices of the issuer and its agents, at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt (A.M.), London, Lyons or Zurich, or Banco de Portugal, S.A. in Lisbon, or Banque Generale du Luxembourg, S.A. in Luxembourg, or European American Bank & Trust Company in New York City, or Deutsche Bank Aktiengesellschaft in Frankfurt (A.M.), or any of the offices referred to in (b) above will be made by a check drawn on, or by a transfer to a United States dollar account maintained with a bank in the Borough of Manhattan, The City of New York.

Coupons due November 1, 1977 should be detached and collected in the usual manner. On and after November 1, 1977 interest shall cease to accrue on the Bonds herein designated for redemption.

Dated: September 22, 1977

COMALCO INVESTMENTS EUROPE S.A.

NOTICE

The following Bonds previously called for redemption have not yet been presented for payment:

25-15 212 271 328 1225 2370 3225 3277 5661 5923 6200 7332 11027 15047 12045

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Thursday October 6 1977

A lesson to be learnt

THE DIFFICULTY into which the Government looks like running with Ford is clear evidence of the fact that there are practical, as well as moral and legal, objections to the methods by which it has been attempting to enforce acceptance of its pay guidelines since the end of Phase Two. It will find it much harder with Ford than with smaller companies to keep pay increases down to 10 per cent, by threatening to withdraw state assistance, not least because the main state assistance which the company is receiving at present is in the construction of a major new engine plant in South Wales, intended to help relieve unemployment in an area next to the Prime Minister's own constituency. But if Ford cannot be forced to toe the line, Ministers fear, other companies will be similarly intransigent and the counter-inflationary policy will be in ruins.

It is perhaps as well that Ministers have been forced to face such a dilemma so soon after the end of Phase Two. One can certainly accept their aim of keeping average wage settlements over the next year to 6 per cent, and the increase in average earnings to 10 per cent. But if it is unwise to stress the larger figure rather than the smaller, it is completely wrong-headed to imply that everyone should get much the same increase. The distortions created by years of such restraint are so great that managers and unions have come out firmly against a continuation of it.

Average aim
In a system of free wage bargaining, in which we are now returning, it is entirely proper that some firms (those, like Ford, which expect to get corresponding benefits) should give larger pay increases than the average and others less. This disparity was perhaps more widespread in Phases One and Two than is usually recognised, but it has now become normal. The Government should not so much interfere in particular cases in the attempt to enforce a flat or even a maximum increase — it is an overall average — as operate with more general instruments of policy.

Useful dilemma
It is to this respect that the apparent dilemma raised by the Ford situation could be positively useful. It may force ministers to think again about the ends as well as the means of the policy they have been pursuing; to consider more seriously the possibility that the TUC and CBI are right in opposing both; and to remember that it is an average increase in pay at which they are aiming. This is the only possible aim once a return to free bargaining has begun, and it obviously implies that some settlements will be above the average eventually achieved (perhaps well above) and some below (perhaps well below). It may be that employers and union officials have lost some of their natural negotiating instinct during the long period in which flat-rate pay increases were laid down as a norm. Both should recognise that in many cases, where demand falls well short of productive capacity, the employer is at present more likely to gain from ignoring the threat of industrial action than from submitting to it.

The crisis in world steel

THE CRISIS in the world steel industry has reached the point where governments are finding it almost impossible to resist protectionist pressures. If trade restrictions are imposed in steel, it will be difficult to prevent the habit from spreading to other industries which are suffering from similar problems of excess capacity, fierce world competition and high unemployment. This would not only represent a severe blow to the free trading framework which has been constructed since the war, but it would also tend to prolong the present world economic recession.

Aggressive
Whether these dire possibilities are realised depends primarily on the U.S. and Japan, which are moving ominously close to a trade war in steel. The basic facts are simple. For several years the share of steel imports in the U.S. market has been edging upwards and now amounts to around 17-18 per cent of consumption. About half these imports come from Japan and another quarter or so from the EEC. As in the motor industry, Japanese suppliers have established a strong position not merely on the basis of price, but by offering reliable delivery, quality and service. But to the American steelmakers, already operating at a low level of capacity because of poor demand, these imports are seen as a threat to their future viability. Hence they have been waging an aggressive campaign — in Washington, in the courts and in the media — to obtain protection, particularly against Japan.

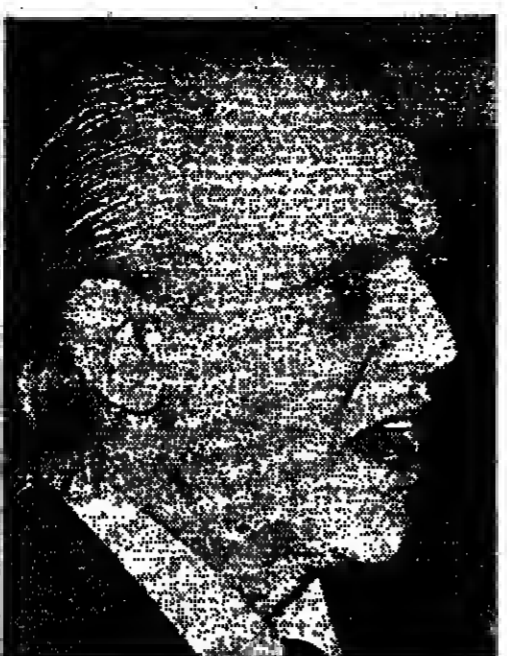
President Carter has made it clear that he does not accept the proposition that the steel industry's difficulties are entirely attributable to imports. Like most other observers, he presumably recognises that large parts of the industry are obsolete and that the average level of productivity is far below that of Japan. But the President's ability to take a tough line with the steelmakers and to uphold his commitments to free trade has been weakened by the recent announcements of several thousand redundancies

Its principal curb in the private sector should be monetary policy, in the public sector cash limits. To make these curbs effective it must mobilise public opinion in their support: in particular, it must constantly emphasise the effect of excessive wage increases on the level of unemployment. But it must also use two negative weapons. It must cease to give the impression that firms which allow their costs to become uncompetitive will automatically be floated back by an eventual depreciation of the exchange rate. And it must make it clear that its industrial strategy does not involve the automatic salvaging with public money of firms which allow their employees to push them into insolvency.

If general controls of this kind are to work effectively, however, after a long period of artificial restraint in which bargaining instincts may well have become blunted on both sides of industry, their implications for the individual firm and its employees will have to be clearly spelt out. The Government will have to straighten its own ideas before it can help to straighten those of others.

Political football
In Britain of course, the CAP is becoming the longest-lasting political football since the Irish Home Rule Bill. But current criticisms are mere pinpricks compared with the strains in existing arrangements arising from enlargement. The task before the Community is to re-adapt a farm policy which still bears the hallmarks of its original design as a trade-off between German industry and French agriculture, to cover three Mediterranean countries whose economies are still heavily dependent on agriculture for employment and foreign exchange earnings. In Spain's case, the EEC will be accepting an important "agricultural power". Spain is Europe's second highest vegetable producer and third largest wine producer.

A glance at the basic agricultural statistics of each country illustrates the structural



Mr. Finn Gundelach (far left), EEC commissioner for agriculture, favours the approach of Sig Gianni Martore (left) the Italian agricultural minister to the Mediterranean problem rather than that of M. Pierre Mahaigner (right) of France. The British minister, Mr. Sam Silkin (far right) sees EEC enlargement as a chance to rethink the CAP more in Britain's favour.

The Mediterranean connection

BY ROBIN REEVES in Brussels

THE SUMMER holidays may be over, but the thoughts of the EEC are still firmly focused on the Mediterranean. In the past few weeks, years of idle speculation about the possible effects of enlarging the Community to include its southern Mediterranean neighbours have come to an abrupt halt. Greece applied for full membership over two years ago and Portugal at the beginning of this year. But with the application of Spain, the Community is now confronted with the practical reality of changing from the Nine to the Twelve.

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French memorandum demands more effective price guarantees for Mediterranean products, the ironing out of what it regards as monetary distortions in the application of the CAP, and stronger Community preference: in other words a more protectionist common EEC external tariff against imports.

List of problem commodities

Mr. Finn Gundelach, the Brussels commissioner responsible for agriculture, has already made it clear that he leans in favour of the Italian rather than the French approach. The list of problem commodities is not endless: olive oil, wine, and, in the fruit and vegetable sector, tomatoes, table grapes, apples, pears, apricots and peaches. But these are all commodities which are usually in surplus in the Nine or will be pushed heavily into surplus in a community of Twelve.

Pre-condition for enlargement

At this stage, the response of both the French and Italian governments has been to submit memoranda to Brussels setting out the desired improvements in the support which the CAP gives to Mediterranean agriculture, and which they clearly regard as a pre-condition for enlargement.

There is an interesting difference of emphasis between the two. The Italian government is pressing for a substantial increase in EEC aid for structural improvements such as irrigation, fruit and vegetable processing facilities, whereas

Mr. John Silkin, the British Minister of Agriculture, has said that enlargement necessitates a transformation of the CAP and obviously sees the problems created by the entry of Greece, Spain and Portugal as the opportunity for making the instruments and mechanisms of the CAP more amenable to Britain's interests.

Even greater surpluses

The real problem lies not so much in the Mediterranean, but in the Northern part of the Community. Farmers in the Mediterranean applicant countries have shown it is possible to live with substantially lower prices than those enjoyed by their counterparts inside the Community. A strengthened Mediterranean agriculture is almost certain therefore to lead to even greater production and surpluses in the area.

The sensible approach may therefore lie in weakening the price guarantees and market support arrangements for northern arable and livestock products. Northern producers are contributing more than their fair share of surpluses, and dairy products, beef and sugar may be more easily storable than Mediterranean surpluses of wine, fruit and vegetables, but they are also more expensive headache for the Community than Mediterranean agriculture.

MEN AND MATTERS

Cart-horse on the European road

The highlight of yesterday's session in Brighton was the decision to accept Motion 180, throw out amendments B and C and have composite Motion 30 remitted back to the NEC for further consideration. And if you can make sense out of that, you're a better man than I am.

Luckily, I was sitting next to John Fraser, Minister of State for Prices and Consumer Protection. He assured me that what had just happened was an event of historic importance for the party. For all the motions, amendments, composite resolutions and remittances mentioned refer to the party's attitude towards the Common Market and the Common Agricultural Policy. By voting as it did, conference essentially ratified the logic of last week's preemptive Callaghan letter and gave the party what looks like its best chance in decades to deal with Europe in a manner which is constructive and critical at the same time.

For in spite of the hostility and suspicion about the EEC still being demonstrated here, the way now looks clear for pro and counter-Common Market men within the government and the NEC to concentrate on transforming the existing unloved Community into a sort of socialist Europe des Patries. Whether there is a chance for this slow cart-horse of a "movement" to square its visceral nationalism with its notions of international socialist solidarity in this way remains to be seen. But it should certainly provide an imposing facade of unity for the elections — and that, comrades, is the name of the game here in Brighton.



"Why should we have to suffer because of the Wilson Honours List?"

Old fighters

Although conference formally showed its concern for the old at Tuesday's hurried debate on pensions, yesterday turned out to be the day when the old folks really came into their own. In a moving little ceremony, 82-year-old Gomer Evans from Carmarthen and 74-year-old Ethel Abel from Houlton were presented with merit awards for a lifetime dedicated to their local constituency parties. Ethel proudly displays the miners' lamp badge she has worn every day since the miners' lock-out in 1926 and Gomer recalled his first conference in Brighton back in 1935, when sanctions and unemployment — were the key topics.

But the real prize went to 92-year-old Manny Shinwell, who intervened in the debate on abolition of the House of

Silent types

It has been a good deal for Humphries Holdings, who bought Twickenham Film Studios for £360,000 in May last year, and sold 90 per cent yesterday for £500,000. But an air of mystery surrounds the buyers — an American group operating through Film Location Facilities, which is incorporated in Hong Kong. Humphries Holdings, 76 per cent owned by British Electric Traction, is putting up a strong, silent Gary Cooper-like front. Chartered accountant John Darcy, deputy chairman of BEH, becomes chairman of the studios company under the new set-up, and responds plegmatically to the idea that yet another slice of the British picture industry is going into transatlantic ownership. "Filming is an international business anyway, and Twickenham is quite small, with only three stages." For the moment the Board representative of the unknown buyers will be a London solicitor, Timothy Kirby, who is also uncommunicative.

Unlikely load

Now and then it is possible to sell the most improbable things to the Japanese. Such as bricks. This feat has been performed by Redland of Reigate, who are in the process of sending a second consignment — 32,000 bricks of two different colours — by a fast boat to Tokyo. The company's managing director, Czech-born Laci Nester-Smith, modestly disclaims any aggressive salesmanship, because a Japanese company run by a father and son, So and Kunio Kato, actually came to him. Two special colours, which it seems can only be produced in southern England from Wealden clay, have taken the fancy of the Kato family; their uniqueness makes them a status symbol in Japan. The first consignment of Reigate's weighty exports went out in May. Next month, a representative will be flying from Japan to discuss a long-term deal.

Whatever kind of business you are thinking of doing in the Pacific area you have to get used to a difference in time. One that means it can be tomorrow there when it is still today here. The people to help you do that, and to supply all the specialist local knowledge that so often means the difference between business success and failure are at NBNZ — The National Bank of New Zealand.

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Appicooliso

ECONOMIC VIEWPOINT

BY SAMUEL BRITAN

How Budget deficits matter

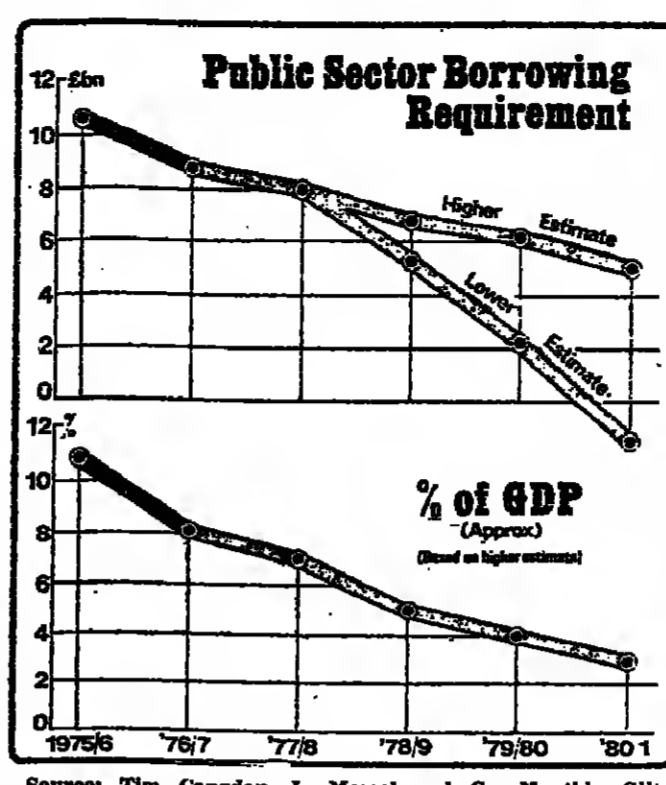
MY two previous columns have damned "reflation" as a book and candle. By this I mean Government inspired efforts to boost the flow of money through the economy...

question. Let us assume that the Chancellor cuts taxes and increases public spending but that at the same time he sticks to long-term monetary guidelines consistent with his price level objective. What would be the effect? Would this be "reflation" of the kind I so much condemn?

Minor correction

The autumn package will probably be just a minor correction to get back to the originally planned budgetary path and is hardly worth discussing. But let us suppose that in his spring budget the Chancellor decided to make not just his usual monetary demand, MV — to make quantity of money times its velocity...

times. Budget deficits, however large, are unlikely to be permanently effective in boosting the national income, either to inflationary or employment good, unless backed by corresponding monetary expansion. If you wanted to guess the national income of Oceania in 1984 you would get a much better clue from the money supply than the latter could be zero and tell you nothing at all.



Source: Tim Congdon, L. Messel and Co. Monthly Gilt Review. Some £1bn. has been added to his estimates in cover financial transactions excluded from the public sector financial deficit but included in the PSBR. Key assumptions include 3% per cent. real growth and 8 per cent. inflation. Higher estimates of PSBR assume elasticity of tax revenue with regard to money income of 1.0. Lower estimates assume 1.2.

once only one thing: that is net overseas investment. A smaller Budget deficit will lead to more overseas investment. A larger Budget deficit will lead to an inward capital flow. It will not increase domestic capital expenditure but simply that proportion of it which is financed from overseas.

Even though it may affect neither interest rates nor employment nor the inflation rate, the size of the Budget deficit and of the savings ratio still matters. Indeed, the choice whether to accumulate overseas assets and thus future income or to accumulate overseas debts is one of the most important economic decisions facing a country.

Barriers

One objection to the arguments of this article is that the flow of international capital is not free but impeded by exchange control, tariffs and other factors. This is not true. These barriers draw a wedge between interest rates in different countries. But there is still a relation between national and world rates, as the latter cannot widen indefinitely.

The nature of ability

From Mr. W. Goode. Sir— I was interested in Mr. Dixon's article, "Flooding tide of social scientists" (September 29), which set out the details of the expansion of graduate education. I certainly share his concern that we taxpayers are supporting a great deal of education which appears to aim at producing unemployable young people.

do not think in percentage terms. Presumably, then, most people found it difficult to read his article, since it subsequently contained no less than fourteen "per cents" from the MORI survey?

an acceptable norm, based mainly on making colourful diagrams from the figures in the annual report. In many cases the same has happened to the annual report itself. Strong on design but thin on information is too common a characteristic of both the press and the television.

changes, a consensus of opinion will emerge. The work will be seen amidst the other products of its time and in its place in the long line of its descent. Michael, of all people, understood this process and was content to have it so.

for searching and for the formation of companies, we would like to go on record in congratulating the Registrar and his staff for total co-operation at all times.

Letters to the Editor

Renaissance man

From the Keeper, Department of Art, Birmingham City Museum and Art Gallery. Sir— I regret that owing to my absence in South Africa I have only just seen the annual Times of September 2, and in particular Mr. William Packer's review of the Michael Ayrton Exhibition in the Sunderland Museum and Art Gallery.

Ayrton's artistry

From Prue Hopkins, Penelope Leach and Freya Gregory. Sir— Mr. William Packer (September 2) is, of course, entitled both to hold and, if he is lucky enough to be permitted to do so, to publish his opinion of Michael Ayrton's (or any other artist's) work. He is not, however, by the rules of honest criticism, allowed to make statements about Michael Ayrton's (or any other artist's) character, personality, attitudes or beliefs in a manner suggesting a special knowledge which he does not, in fact, possess.

The standard of communication

From Mr. G. Stacey. Sir— One Cameron's article (October 3) on employee reports and other forms of communication is excellent as far as it goes; but I am afraid it omits one rather sad but important point. The quality of reformation in employee reports (and in shareholders' reports too, for that matter) has tended steadily to decline, as the whole concept of communication in industry and more lucratively to designers and printers.

Companies House

From Valerie Brown. Sir— At regular intervals daily newspapers and the trade Press see fit to criticise the Registrar of Companies for what they, the Press, consider the middle of the Registrar has created in the filing of company files at Companies House (Christine Moir, October 3).

Liberals in a squeeze?

From the Prospective Liberal Parliamentary Candidate for Shoreham. Sir— Your reader Mr. Verber (October 3)—presumably a Conservative although he doesn't admit it—defeats his own not very original argument. He accuses the Liberal leader of seeking a pact with the Government so to save his party from "near extinction"; a few lines later on he forecasts its complete annihilation at the next General Election. You can't have it both ways, Mr. Verber!

Transfers of votes

From the Director, the Electoral Reform Society. Sir— Your report (September 30) of the mock election at the Liberal Assembly implies that because the four people finally elected were the same as the four polling, the most firm preference therefore the transfers of votes were unnecessary. That is not so.

To-day's Events. Ethical Practices meeting in Paris. Lord Mayor of London attends inaugural banquet of Chartered Surveyors' Company, Mansion House. George Davis and five others on £50,000 bank raid charges, Lambeth Magistrates Court, COMPANY RESULTS. Clive Discount Holdings (half-year) Cope Allman full year, £311 (full year). COMPANY MEETINGS. Dixco Photographic, Connaught Rooms, W.C. 2, John Emsley, Shipley, 10.20. Gnome Photographic Cardiff, 12. Houchin Ashford, 11, Blingworth Morris, Shipley, 12. London Merchant Securities, Winchester House, E.C. 12. Marler Estates, Capital Hotel, S.W.

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Information for employees. From the Managing Director, MPR. Sir— Before discussing the re-orientation of Metal Box employees to the company's internal report, Mr. Cameron says, (Executive World, October 3) "most people

COMPANY NEWS + COMMENT

P & O nears £27m. after six months

REFLECTING better trading results in the general cargo division and in Overseas Containers, in all sectors of the European and air transport division, and in the overseas operations of the general holdings division, pre-tax profits of Peninsular and Oriental Steam Navigation Company more than doubled from £13.3m. to £26.91m. for the first half of 1977.

The results of the bulk shipping division were poor but not unexpected in the light of world conditions in the bulk trades. The Bovis results benefited from the receipt by their Canadian subsidiary of an exceptionally large claim of £3.6m.

In the second half a lower contribution is expected from the general cargo division and Overseas Containers, and the bulk shipping operations will continue to be under pressure, say the directors.

Overall, therefore, the group is not expected to reach the same level of profits as in the first half, after deducting the claim receipt. Profits for all 1976 came to £31.12m.

First half earnings per £1 deferred share are shown at 2.1p compared with 6.5p and the interim dividend is raised from 2.5p to 3p net. Last year's final payment was 3.35742p.

HIGHLIGHTS

After stripping out exceptional items P & O's results have failed to come up to market hopes, although they have shown some recovery over last year. Lex also discusses the fall in interest rates now that another fall in MLR looks probable this week. Elsewhere, Percy Lane has maintained the recovery trend seen last year for the first six months but prospects for the current half do not look so promising, with dealers sitting on high stocks of caravans. Thos. French has shown higher profits on a static volume while Hunt and Moscrop continues to show good steady growth.

£838,000 peak for Raine Eng.

RECORD TAXABLE profits for the year to June 30 1977 of £838,000 against £732,000 are reported by Raine Engineering Industries, after £395,000 compared with £327,000 at halfway.

April the directors forecast that profits would exceed £830,000 for the full year.

Group sales were ahead by 28 per cent to £14.58m. and exports rose by 25 per cent to £1.22m. The directors report a high level of activity in the subsidiaries and are confident in the continuing profitability of the group.

Stated earnings on increased capital from a one-for-four scrip issue are 2.273p (2.468p) per 10p share and the dividend is lifted to 0.8712p (0.76p equivalent) the maximum allowed with a net final of 0.5852p.

steel industries as a whole so there is little sense in expecting a quick bounce back even though the Eppingham works streamlining will help a little. In addition there should be extra growth from Hassell, now that the landbank has been increased but all in all the share price of 16p, where the p/e is 6.8 and the yield 8.6 per cent, probably takes this into account.

Lawtex leaps to £458,286

The midway profits growth from £13,350 to £212,068, has been maintained in the second half at £112,373. Turnover advanced from £16.16m. to £9.77m.

Stated earnings are ahead from 0p to 15.1p per 25p share and the dividend total with Treasury permission is lifted to 2.887p (5p) net with a 1.357p final.

New high at Hunt & Moscrop

ON TURNOVER up £1m. to £12.33m. pre-tax profits of industrial machinery manufacturers, Hunt and Moscrop (Midletun) expanded from £1.65m. to a record £1.33m. for the year to June 30, 1977. At halfway, the surplus was ahead at £585,000 against £434,000.

A final dividend of 0.4627629p net per 5p share, on capital increased by the one-for-eight rights issue, raises the total to 0.7009792p (0.460507p), which includes an adjustment on the interim following ACT reduction.

As indicated by Hunt and Moscrop's sales figures demand for capital equipment remained slack but though the group is probably working on no more than 80 per cent of capacity it managed to widen its pre-tax margins from 6.2 per cent to 10.8 per cent. However, there has been a revival in orders and these should start working through to the profits in the current six months. Heat exchange equipment, which represented a third of last year's sales, is in strong demand and even depressed sectors such as paper-making equipment and textile machinery are now looking stronger. Exports too will make a much greater contribution in 1977-78. Last year they represented 22 per cent of sales at £2.7m. but half of a major £4m. Russian order for process plant will be delivered this year and so exports could well more than double. Prospects are encouraging but the p/e of 9.3 (on average capital) at 26 1/2p and yield of 4 per cent allow very little room for the shares to show any appreciable relative strength.



Lord Inchcape, chairman of P & O.

DIVIDENDS ANNOUNCED

Company	Current payment	Date	Corre- spending div.	Total for last year	Total for year
J. E. England	0.26	Jan. 5	0.33	1.27	1.27
Thomas French	1.25p	Nov. 3	—	2.29	2.29
Barringer Brooks	1	Dec. 9	0.68	1	1.68
Hiltons Footwear	1.16p	Nov. 25	1.16	4.35	4.35
Hunt & Moscrop	0.46p	Dec. 6	0.24	0.7	0.46
Percy Lane Grp.	1.2	Dec. 1	—	2.94	2.94
Lawtex	1.36	—	2	2.89	2
Lee Cooper	0.83	Nov. 30	0.54*	1.62*	1.62*
P. & O. Deferred	3	Jan. 3	2.5	5.88	5.88
Raine Eng.	0.59	Nov. 30	0.52*	0.87	0.78*
Reed Exec.	1.3	Dec. 6	1	3	3
Sanderson Kayser	1.47	Jun. 5	1.34	3.83	3.83
Scottish & Continental	12	Dec. 8	0.6	1.2	0.6

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡Additional 0.0491p. †Second interim—First 1p.

Thos. French up to £1.1m.

TAXABLE PROFIT of Thomas and Sons lifted from months to 3.19p (2.29p for 12 months).

The company has moved to a September 30 balance date and directors say the last three months of this extended period have shown a slight improvement in conditions in the U.K.

Overseas subsidiaries have traded at similar levels to the past few months, and a reasonable profit is expected for this period which is normally the slackest quarter of the year.

For the new financial year they hope for improved trading conditions and further profit advances.

Sales of curtain accessories are heavily dependent upon house-building and house-moving activity and so Thomas French's profits have been depressed, particularly during the second half when sales rose a mere 2.5 per cent. The U.K. contribution to profits fell below 50 per cent, although the picture overseas has been buoyant especially in Australia and South Africa—the latter has been the real laggard for the group. But in the final three months of the extended period just ended, the U.K. showed some signs of a pick-up: though Australia and South Africa were still unexciting. At 35 1/2p the shares are standing on just 3.2 times earnings and the annualised forecast yield is 7 1/2 per cent; at this level the shares should hold their own relative to the market.

will lift payout for the 12 months to 3.19p (2.29p for 12 months).

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1977	1976	1975
Turnover	14,770	13,800
33.50p company's profit	1,302	1,088
Profit before tax	1,470	1,212
Taxation	138	124
Net profit	1,332	1,088
Minorities	3	3
Available Ord.	1,329	1,085

A second interim of 1.25p per 10p share will be paid, and a 0.84p final dividend is expected

Percy Lane expects best ever year

GLAZED ALUMINIUM window assembly manufacturers, Percy Lane Group announces pre-tax profits ahead from £436,490 to £587,500 for the first six months of 1977, of which the Luxembourg division contributed £602,100 against £378,200 with the remainder arising from U.K. operations.

A sales breakdown shows that £2.63m. (£2.18m.) came from the U.K. and £6.02m. (£3.51m.) from Luxembourg. Tax on U.K. profits took £49,500 (£30,400) and on Luxembourg £301,100 (£189,160).

The directors report that the outlook is somewhat clouded for the latter half of the year, mainly because of the uncertain state of some of the company's markets, but nevertheless the full-year profit should comfortably exceed the peak £528,301 for all 1976.

The interim dividend is lifted from 1p to 1.2p net—last year payments totalled 2.94p per 10p share.

Both in the U.K. and on the Continent there appears to be overstocking of completed caravans says the directors, and this could lead to reduced demand later in the year. In the U.K. also, various problems in the motor and commercial vehicle industries could have the same effect.

In architectural steady progress is being made but at a slower rate than hoped. Several worthwhile contracts have been recently received but are not due for completion until 1978, they add.

Demand at France Windows (Glenrothes) is expected to continue at a low level for the second half and this company will trade at a loss for the year. Management changes have been made to correct the position in 1978, state the directors.

Downturn at Shell Chemicals

By Kevin Done, Chemicals Correspondent

Profits of Shell Chemicals subsidiary of Royal Dutch/Shell Group showed a significant downturn in the second quarter of the year with the value of home sales falling by almost 3 per cent.

According to Mr. Derek Crofton, the finance director, the downturn is going through a period of extremely difficult trading conditions. The Shell statement also confirms the unexpectedly sharp trading experienced by most of Europe's chemicals companies this year, which has brought about a revision of growth projections.

The Shell results come after BP Chemicals report that its drastically cutting its price forecasts for the year because of poor trading conditions.

In the second quarter Shell Chemicals achieved a pre-tax profit of £42m. compared with £25.5m. in the first three months of the year. This is the first reversal since the company has suffered in the second half of 1976.

In that year the company made a £16m. loss, but last year it was turned into a pre-tax profit of £10.8m. To put the second quarter performance this year into perspective the total pre-tax profit for the first six months stands at £167m.

Mr. Crofton said: "Falling demand both at home and overseas has put the price of many products under pressure and led to reduced plant loadings, particularly at Stanlow. This of course has increased unit costs and fuel and feedstock prices have also risen, our profit margins have been severely squeezed."

Despite the drop in home sales overall company sales were marginally up both in volume and value because of an improvement in the export performance.

But the immediate outlook is not bright, said Mr. Crofton. The normal seasonal downturn in June and August is continuing in September and plant, particularly at Stanlow, are only running at about 75 per cent capacity.

However in the first six months Shell Chemicals has succeeded in generating enough cash to cover capital expenditure for the first half, as well as the increase in working capital, whilst still leaving a surplus of £2.5m. At the same time last year it faced massive cash deficits.

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JOHN JAMES

Mr. John James, chairman of John James Group of Companies, told the annual meeting that the current year turnover of the industrial division had again increased: profits had also risen but because of steeply rising costs, not in step with turnover.

The group was on course for the improved result over last year and he confirmed that franked investment income would increase by at least £100,000 to £1.1m.

Operating profits and the share of associates combined at £38.2m. (£26.79m.) were split as to: bulk shipping £0.7m. (£3.5m.), general cargo £21.6m. (£15.5m.), passenger £0.1m. (£0.2m.), European and air transport £3.6m. (£0.7m.), general holding £3.5m. (£2.3m.), energy £0.8m. (£0.6m.), Bovis £8.6m. (£2.8m.), P and O Property £2.1m. (£2.2m.), and banking loss £0.1m. (£0.3m.).

Overseas tax on the claim received by Bovis was £2.9m. and £1.2m. net of the claim is attributable to minority interests.

See Lex

Midway fall for Hiltons Footwear

Pre-tax profit of Hiltons Footwear fell from £229,248 to £205,371 for the half year to July 29, 1977, on turnover up at £4.04m. against £3.55m. exclusive of VAT. The directors say that the opening weeks of the second half have proved to be much more encouraging and if this trend continues through to the Christmas selling period, then profits should show an improvement for the full year.

REDEMPTION AT MEAKERS

Holders of Meakers £1 per cent, unsecured loan stock 1693-2000 have agreed to the early redemption and cancellation of the stock at an 80.5p.



ammonia nitric acid: ammonium nitrate: calcium ammonium nitrate
magnesium ammonium nitrate: calcium nitrate: urea sulphuric acid
compound fertilizers: phosphoric acid: ammonium phosphate
superphosphate: triple superphosphate: phenol: melamine: cyclohexanone
caprolactam: acrylonitrile: sodium cyanide: ethylene: propylene
pyrolysis gasoline: C4-fraction: benzene: cyclohexane: butadiene
high-density polyethylene: low-density polyethylene: EPDM-rubber
TP-rubber: AS-plastics: ABS: vinyl chloride: polyvinylchloride
polypropylene: methanol: formaldehyde: benzoic acid: benzaldehyde
diphenyl glycine: acetyl caprolactam: benzyl alcohol
hydroxy amine sulphate: acetaldoxime: urea formaldehyde resins
resins for printing ink production: carbon dioxide: argon
helium: plastic products: packaging film: inner-wall bricks
outer-wall bricks: concreteware: stoneware: floor tiles: wall tiles
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Guinness Peat sees progress

RESULTS of Guinness Peat Group so far in the current year are ahead, says the chairman, who tells members in his annual statement. With a now strengthened management team and opportunities open to the company being actively pursued, the directors are confident of further expansion and progress.

Though satisfied with the dynamic developments of the operating divisions, the directors have undertaken a restructuring process of the group's major divisional holding and operational subsidiaries aimed at making them more flexible and independent in their decisions for expansion.

For the year to April 30, 1977, pre-tax profit on trading was ahead of £10.7m. (£5.65m.). After tax and transfers to contingency reserves, banking showed an advance from £9.7m. to £12m.—as reported on September 2. The net dividend is lifted to 9.925p (£3.73p) per 25p share following Treasury consent.

Shareholders' funds, at year end, were up to £41.86m. (£37.83m.) with assets per share better at 127p (108p). The acquisition of London Electrical and General Trust during the year, and retained profit have increased both liquidity and the asset position. Over £5m. of these funds have been utilised in the bank Guinness Mahon.

Working capital was £3.61m. higher (£1.5m.) and the balance sheet shows a net of £15.27m. (£10.8m.) and Guinness Mahon current accounts down £1.42m. (£1.55m.). Net current assets were £2.46m. against liabilities of £1.87m.

An extra payment of £5,000 was made to former directors. Capital commitments amounted to £9.57m. (£9.89m.) and further capital expenditure of £33,000 (£70,000) had been authorised but not contracted.

The company has been joined in an action against one of its subsidiaries for very substantial damages for alleged breach of contract. The present opinion of the company's legal advisers is that the claim against the company will fail. So far as the subsidiary is concerned, the action is being resisted both on liability and damages. The directors do not believe that these proceedings are likely to have any material financial effect upon the group as a whole.

Use of publicly quoted major investments in associated companies has increased substantially since April 30, 1977, and these companies have recently published excellent results, the chairman comments.

The group's operations have continued to develop in all activities satisfactorily. Efforts are now particularly directed towards the development of the projects division. The original rationale behind the merger of trading banking and insurance activities proved itself during 1976/77 and it promises to remain an increasingly fruitful and exciting prospect for the future of the group, he says.

The progress of the trading side has been maintained and is extending into new operational areas and increasing the range of commodities traded. Further offices are being opened in North America.

Guinness Mahon made steady progress and has developed activities, particularly in the corporate finance division. Substantially improved results were shown by the insurance broking section and the directors look forward to active operations overseas, he adds.

Statement, Page 25

Mackinnon borrows £0.5m. from SDA

The Scottish knitwear manufacturer, Mackinnon of Scotland, which produced net after tax losses of £30,000 in the year to last October, has just completed arrangements with the Scottish Development Agency for long term loans of £500,000.

Of this amount £200,000 will be in the form of 8 1/2 per cent redeemable cumulative preference shares 1992-98 and the remainder will be by way of a 15 1/2 per cent secured loan repayable in instalments over 15 years beginning in 1982.

The agency is also taking an option of £20,000 for additional shares to be issued at 15 per cent of the equity. The price equates to 28 1/2p per share.

In a statement issued yesterday the company said that the money will be used to reduce temporary bank borrowings "which stood at just under £1m. in the last accounts, and to 'utilise more fully' the group's present profit generating capacity. The arrangements have still to be ratified by shareholders.

The additional capital will enable the group to take advantage of opportunities for further development should they arise. The arrangements have still to be ratified by shareholders.

BIDS AND DEALS

Moran falls 115p after Buxa-Dooars withdraws

BY JAMES BARTHOLOMEW

There were burnt fingers on the tea plantation pitch of the stock market yesterday after Buxa-Dooars announced that it would not proceed with its offer for Moran Tea. The shares of Moran fell by a greater percentage than any other share on the day, from 415p to 300p.

Buxa-Dooars was to have offered 400p per share for Moran tea but the bid was resisted by the Board of Moran which announced that holders of 51 per cent of the shares had informed it that they would reject the offer. This effectively ruled out any possibility of success and the takeover panel agreed that Buxa-Dooars need not proceed.

Anger was expressed by some people in the market that the Board of Moran had blocked the bid. They felt that the Board would be working out to justify to minority shareholders why it had turned down an offer so substantially above the market value.

Mr. C. G. Gordon-Smith, chairman of Moran Tea, said yesterday that he believed about 85 per cent of the shares were held by people who were loyal to the existing Board and would accept its judgment. Many of the shareholders had been servants of directors past and present. He also commented that the asset value of Moran Tea was four times that of the bid.

Meanwhile the arguments and the mud continue to fly. Sogio has drawn attention to the arrest in India of Mr. Jit Paul, brother of Mr. Swraj Paul who was intended to manage the tea plantation. Mr. Sogio said that a decision had not yet been taken on whether to continue with the bid.

Mr. Sogio said that the company was not in a position to pay a dividend for many years but had risen to about 5 per cent, so far this year. He said that people wishing to make a quick profit on the rise in the tea price.

The end of the bid came as a chastening to shareholders of Assam Frontier tea. The situation is parallel with Sime Darby being the majority shareholder in this case. Assam shares closed at 36 1/2p yesterday after being sold for as much as 400p the day before.

Setback for Caparo

The long drawn-out attempt by Caparo to acquire Empire Plantations and Singlo Holdings received a setback yesterday when an EGM of Singlo approved the acquisition of three soft drinks companies.

The voting in the two relevant motions was 2.7m. votes for and 1.8m. against Mr. Slocock, chairman of Singlo, thanked shareholders for the "quite remarkable support" they had given the Board.

Caparo had opposed the acquisition of the soft drinks companies because it was primarily interested in the tea plantations of Singlo. It went so far as to serve a writ on Singlo, attempting to prevent yesterday's meeting from taking place. However, the injunction was not granted and consents were awarded to Singlo.

It was a condition of Caparo's bid for Singlo that yesterday's motions should fail but last night Mr. Slocock's victory meant that a decision had not yet been taken on whether to continue with the bid.

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DELTA METAL
Delta Metal Company's subsidiary, British Electrical Repairs, has purchased a 51 per cent interest in an electrical repair business based in Sharjah on the Arabian Gulf. The net tangible assets of £130,000 of which he called Ber Middle East.

Delta says that this will further its interest in electrical repair facilities in the Gulf states.

STERILIN
One of Britain's largest manufacturers of single-use laboratory ware has acquired Sterilin (Rubber), a leading manufacturer of specialty extrusions and mouldings in rubber, silicone rubber and plastics.

SHARE STAKES
Metaltrax (Holdings): The Throgmorton Trust has sold 50,000 Ordinary shares leaving a beneficial holding of 1,119,983 (8.81 per cent). Ordinary shares. These are held under the name of Throgmorton Street Nominees.

Kingside Investment Company: Mr. A. C. Heber-Percy, a director, has sold 13,945 Ordinary shares, reducing his interest to nil.

John Carr (Doncaster): Mr. J. Carr has sold 15,000 shares, Mr. P. J. Carr has sold 30,000 and Mr. S. Carr has sold 15,000. All are directors.

Johnson Matthey and Co.: Johannesburg Consolidated Investment Company holds 3,956,700 Ordinary shares. The sale reduces its stake marginally from 22.6 to 22.4 per cent.

Thorn Electrical Industries: Company has been notified by Sir Jules Thoru that as at close of business on September 30, in his own right and as a trustee of various family trusts and charitable settlements, he was interested in 7,205,199 Ordinary shares (5.26 per cent).

Wintrust: As at October 3, Mr. G. Saporo held 1,393,111 (18.9 per cent) shares. Nessel Investments (Jersey) held 1,156,493 (16.4 per cent) shares and Mr. R. D. Saporo held 1,138,436 (16.4 per cent) shares. Nessel Investments is a trust created by Mr. G. Saporo and Mrs. H. Saporo as a settlement for the benefit of their family.

Bogard-Peterson: The W. J. B. Pension Fund has purchased 44,312 Ordinary shares and now has 6.79 per cent.

Lep Group: Rothschild Investment Trust has purchased a further 55,000 shares and now holds 1,303,175 (20.4 per cent).

Western Board Mills: Throgmorton Street Nominees has reduced its holding from 315,000 to 250,000 (4.72 per cent). Ordinary shares. The beneficial holding of these shares is Throgmorton Trust.

Sale Tilley and Co.: Globe Investment Trust is beneficially interested in the 450,000 Ordinary shares (19.37 per cent) beneficially owned by Electra Investment Trust, which has become a subsidiary of Globe.

Gieves Group: London and Yorkshire Holdings has disposed of 1,220 Ordinary shares.

Wolsley Hughes: Prudential Ass. Co. now holds 673,092 Ordinary shares (9.06 per cent).

Vickers: Mr. R. Bendin, assistant managing director, purchased further £1,000 (nominal) Ordinary stock on September 28, thus bringing his total holding to £3,000 (nominal).

Eagle Star Ins. Co. has, by further purchase, increased its holding of Cumulative Preference stock to £535,000 (nominal), (8.09 per cent).

London and Manchester Ass. Co. has by the purchase of 10,000 shares increased its holding in preferred 5 per cent stock to £232,000 (nominal), (35.6 per cent).

British Sybron Industries: For personal reasons, Mr. J. M. J. E. Eardley, managing director, will not be taking up his rights amounting to 46,713 shares and 123,739 shares respectively. These shares have been successfully placed. The remaining directors Messrs. B. D. Armaty, C. A. J. Biggin, C. D. Mackenzie, M. Sheppard and Air Commodore P. Burnett have informed company that if a security legal base could be found for ocean mining the U.S. could become self-sufficient by the turn of the century.

These minerals are all contained in marine manganese nodules which tend to be found at sites on the ocean floor outside the continental margins. Most research so far has been directed at the Central Pacific area.

Without the financial safety net, however, it seems unlikely that the mining companies involved, Zappata Fuels arm of the parent among them Kennecott, Inco and

MINING NEWS

U.S. shifts position on seabed resources

BY PAUL CHEESBRIGHT

THE CARTER Administration, concerned about the lack of progress at the United Nations Law of the Sea Conference, has given partial approval to legislation already before Congress on ocean mining.

This represents a shift in the national position on the issue. Previous Administrations have been opposed to domestic legislation to control ocean mining activities because of the Law of the Sea Conference's attempts to find an international regime.

Speaking yesterday at a joint hearing of the Senate Energy and Commerce Committee, the U.S. Ambassador to the Law of the Sea Conference, Mr. Elliot Richardson, said: "In our view, Congress should continue to move forward with legislation."

But the Administration's encouragement to Congress does not go as far as the mining industry would like. Reports from Washington suggest that the Administration has stopped short of support for a financial safety net in the event of some future international agreement.

The industry is anxious to secure not only freedom of access to the seabed, but also legislation by domestic legislation, but also security of tenure on minerals discovered, in addition to protection against any future confiscation.

The Bill presently before Congress is backed by the industry. At the end of last July it passed out of the House of Representatives Committee on Merchant Marine and Fisheries. The chairman of the Committee is Mr. John Murphy, a sponsor of the Bill.

Mr. Murphy foreshadowed the shift in the Administration's position in a speech last month to the American Mining Congress.

The Law of the Sea Conference has been debating the establishment of an international authority to control ocean mining on the basis that the mineral-rich manganese nodules on the ocean floor are part of the heritage of mankind. The U.S. has found it difficult to reconcile this with its implications of Third World control, and the desire to promote American technology and open up new sources of mineral supplies.

The industry has seized on the almost total dependence of the U.S. on imported nickel, manganese and cobalt and has argued that if a security legal base could be found for ocean mining the U.S. could become self-sufficient by the turn of the century.

These minerals are all contained in marine manganese nodules which tend to be found at sites on the ocean floor outside the continental margins. Most research so far has been directed at the Central Pacific area.

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Overwhelming demand for South Crofty

THE OFFER for sale of shares in the Cornish tin mining concern, South Crofty, has been an outstanding success. The offer caught the imagination to the extent that yesterday evening the stockbrokers, Joseph Sebag, were able to announce that the offer had been 45 times over-subscribed at a price of 50p each, to raise £2.625m. This is 35 per cent of the issued capital.

The offer was timed to take advantage of the high metal price, which has already caused a dramatic recovery in South Crofty profits, and the conclusion of a 22m. modernisation programme at the mine and plant. It was widely expected in Stock Exchange circles that there would be great interest in the offer, both from the investment and from private investors, especially in Cornwall. Indeed it was suggested that the offer price had been pitched too low.

The whole of the South Crofty issued capital will go on to the Stock Exchange's official lists and Joseph Sebag said that dealings will commence next Tuesday. Letters of acceptance for share applications will be sent out on Monday.

News that Saint Piran was planning the sale emerged at the beginning of last week and caused a rise in its share price. Although there was some reaction after the announcement at the end of the week, the rise has since continued. An entry announcement from Joseph Sebag yesterday to the effect that the offer had been oversubscribed caused active trading and the Saint Piran share closed at 90p for a gain on the day of 6p and of 20p since Tuesday last week.

BUNKER HUNT WINS SUNSHINE

The legendary American share magnate, Nelson Bunker Hunt and his brother, William Hunt, appear to have succeeded in their determination to raise £200m. for the largest silver mine in the U.S. The Great Western Mining Corporation, of which they own 70 per cent, claims to have reached an agreement with Sunbeam, which owns the silver mine, for a complete settlement of a dispute which has been a question at Boise, Idaho, since the difference between the two groups' estimates of the mine's reserves. The Great Western's offer was months ago for a controlling share in Sunshine.

According to Great Western it will now have at least £200m. in sunshine shares at 51s a share net. This compares with last year's offer, subsequently rejected, of the Sunshine Board, of 754s a share.

Sunshine admitted last month that purchase by Great Western of a 12.5m. share block, together with the 5 per cent holding it bought earlier in the year would give Great Western effective control of Sunshine's operations.

New Great Western says it has agreed that for the benefit of remaining Sunshine shareholders, it will propose a plan of reorganisation within 18 months under which Sunshine holders will be offered cash, securities, notes or a combination valued at least \$15 a share.

Last Friday, holders of 12.5m. Sunshine shares tendered them to Great Western, but the deal is still subject to agreement by both Boards. However, two Sunshine directors resigned yesterday and have been replaced by the Hunt brothers.

URANIUM SEARCH BY DEUTSCHE BP

British Petroleum's West German subsidiary, Deutsche BP, has been awarded a permit by the West German Government to search for uranium in the Bavarian forests. This is the first such venture by the company, which plans to begin preparatory work later this year.

Deutsche BP is optimistic about prospects for discovering deposits in the area, which covers 600 sq. km. in the Oberpfalz and Lower Bavarian regions. The permit is valid for three years.

ZAPATA EXPANDS

The U.S. Zappata Corporation has increased its involvement in energy resources through the purchase of a 49.9 per cent stake in eastern Kentucky. The deal, which should bring the corporation's total recoverable reserves to more than 500m. bbls, was concluded by Zappata Energy, a new wholly owned subsidiary of the Houston-based oil and gas company.

ASSOCIATE DEALS

Leung and Cruickshank on October 3, 1977, purchased 2,500,478 shares from Mr. Maxwell Joseph and 3,640,225 shares from Gilsport which, together with shares previously owned by Amalgamated, brings the total to 6,140,703 shares. The purchase price was 2p per share.

CARISBROOK

Carisbrook Industries, an American subsidiary of Hanson Trust formed in 1975 to acquire the specialty textiles group Indian Head, is to restructure its borrowings. It has raised \$1.5m. by issuing 100,000 shares of 15c, notes, due 1982, Prudential Life Insurance of America.

The effect of the new arrangements is to extend the length of borrowings from four to five years to around 10 years.

SCOTTISH AMICABLE

Scottish Amicable Life Assurance Society has purchased a further 50,000 shares in the company in Drayton Far Eastern Trust making 8 per cent, a further 50,000 shares in Kingside Investment Trust making 13 per cent, and a further 50,000 shares in the company. Investor Trust making 14.5 per cent.

NO PROBE

The merger between Tags Investments and Anglo-American Industrials will not be referred to the Monopolies Commission.

Despeza Ventures, will feel secure enough to speed up their research and development programmes.

FRASER ANSBACHER

Confusion was received yesterday by one of the major moves in the deal whereby the New York-based international trader, the Lissauer Group, is to take control of Fraser Ansbacher.

Associated Metal and Minerals, part of the Lissauer Group has purchased 2,500,478 shares from Mr. Maxwell Joseph and 3,640,225 shares from Gilsport which, together with shares previously owned by Amalgamated, brings the total to 6,140,703 shares. The purchase price was 2p per share.

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THE TOR INVESTMENT TRUST LIMITED

The Fifty-first Annual General Meeting of the Company will be held on the 28th October 1977.

FINANCIAL SUMMARY FOR THE YEAR ENDED 31st JULY 1977

GROSS INCOME: £536,837 (1976—£477,973)

DIVIDENDS: Income Shares 19.65% (1976—16.9%) Capital Shares 1.968% (1976—1.69%)

NET ASSET VALUES: Income Shares 55.42p (1976—52.46p) Capital Shares 206.44p (1976—179.52p)

DISTRIBUTION OF INVESTMENTS BY MARKET VALUE: United Kingdom 65.7%, Australia 4.7%, North America 25.1%, Far East 2.9%, Elsewhere 1.6%.

The following are extracts from the Statement of the Chairman, Mr. J. V. Wooliam:

The Accounts for the year to 31st July 1977 show a gross revenue of £536,837 and a net revenue of £242,176 compared with £477,973 and £208,931 last year. It is proposed to pay a final dividend on the Income Shares of 11.88% (18% gross) making a total for the year of 19.65% (30% gross). This total compares with 26% gross paid last year. I would bring to the particular attention of shareholders and others who may study our Accounts the fact that the gross dividend distribution since 1972 has risen from 18.5% to 30% and each year has seen substantial reserve reductions after dividend payments. The cost of our dividend has been covered entirely this year by franked investment income i.e. dividends from U.K. Preference and Ordinary Shares. As 44% of our portfolio is in securities whose income is not classified as franked by U.K. tax authorities and as 5.3% of the net assets are in cash, the strength and balance of the Trust can be seen.

During the Trust's financial year the F.T. All Share Index rose by 23%, the Dow Jones Industrial Index fell by 9% and the dollar premium rose 12%. The total net assets of the Trust rose by 10%. It has been the North American investments which have restricted the Trust's performance although our figures are generally in line with the appropriate indices. However, we should cast our minds back to a year ago when the U.K. market was falling sharply and Wall Street seemed the better prospect. No-one like the forecast for the year to come the best performing world stock market would be the U.K.—by a long way—with Wall Street being set for a steep downturn. This example illustrates the hazards and improbabilities of investment for capital gain and justifies this Trust's policy—balanced portfolio run with medium risk and not a concentrated high risk fund.

Copies of the Annual Report can be obtained from the Secretary at the Registered Office: G.P.O. Box No. 3, 6 Caer Street, Swansea.

Planet Percy Lane Group

International manufacturers of factory glazed aluminium windows

INTERIM STATEMENT

Increased Pre-Tax Profits
Increased Interim of 1.2p per share

Results at a glance £000's

	six months to	12 months to
Turnover	306.77	3112.76
Profits before tax	3,712	12,205
Dividend per share net	1.2p	2.94p

Demand from transport, caravan and portable building industries continued at a high level and from the building industry showed some improvement.

Overstocking of caravans in U.K. and on Continent seems likely to lead to reduced demand later in year and various problems in U.K. motor and commercial vehicle industries could have the same effect.

"Despite uncertain state of some of our markets. Group profits should comfortably exceed those of last year."

Peter Lane, Chairman

Copies of the full statement may be obtained from: The Secretary, Percy Lane Group Limited, 79/83 Colmore Row, Birmingham B3 2AP.

The Mitsui Trust and Banking Co., Limited

Negotiable Floating Rate U.S. Dollar Certificates of Deposit.
Maturity date 6th October 1980

In accordance with the provisions of the Certificates of Deposit notice is hereby given that for the initial six month interest period from 6 October 1977 to 6 April 1978 the Certificates will carry an interest rate of 7 1/2 per annum.

Agent Bank
The Chase Manhattan Bank N.A.,
London

GENOSSENSCHAFTLICHE ZENTRALBANK AKTIENGESELLSCHAFT

U.S. \$40,000,000 Floating Rate Notes Due 1983
For the six months
6th October 1977 to 6th April 1978
the Notes will carry an interest rate of 7 1/2 per cent. per annum.

Listed on the Luxembourg Stock Exchange.
By: Morgan Guaranty Trust Company of New York, London
Agent Bank

London Merchant Securities Limited

Salient Points from Chairman's Review for the year ended 31st March 1977

- * Net profit attributable to LMS after tax rose by more than £1.5 million to over £2.5 million.
 - * Selective sales of investment property produced a total of £8.5 million (some £1.5 million above book value) and net rental income from investment property was maintained at approximately £2.5 million.
 - * Net tangible assets attributable to LMS rose to £44.7 million and market value is considered to be significantly in excess of book cost.
 - * Short term borrowings were materially reduced.
 - * Carlton Industries achieved impressive growth and the indications are that profits will advance further in the current year.
 - * Century Power and Light showed improved profits from North Sea operations of the Phillips consortium and recent successful drillings enhance the potential of the holding.
 - * The varied range of the group's holdings provides a sound basis for continued asset and income growth.
 - * The directors recommend a final dividend of 3.5%, bringing total for the year to 5% (3.5% last year).
- Report and accounts available from the Secretary, 100 George Street, London W1H 6DJ

MONEY MARKET

Fall in MLR expected

A moderate amount was lent Tuesday, there was a fairly large take-up of Treasury bills. Repayment was made of overnight and seven-day loans made to the market, and the authorities held cover the full underlying shortages, and banks may be expected to carry forward heavily run-down balances.

Government disbursements were slightly in excess of revenue payments to the Exchequer, and the market was also helped by small decline in the note circulation. On the other hand banks carried forward run-down balances from

Oct. 5 1977	Spotting of deposits	Interbank	Local Authority deposits	Local Auth. negotiable deposits	Finance House Deposits	Company Deposits	Discount market Deposits	Treasury Bills	Money Market Rate	Prime Lending Rate
Overnight	—	5-6 1/4	—	—	—	5 1/2	5-6	—	—	—
1 day	—	5-6 1/4	—	—	—	5 1/2	5-6	—	—	—
7 days	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4
14 days	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4
1 month	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4
3 months	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4
6 months	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4
1 year	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4	5 1/2-5 3/4

Local authorities and finance houses seven days' notice others seven days' fixed. * Longer-term local authority mortgage rates nominally three years 9 1/2 per cent; four years 10 1/2 per cent; five years 10 1/2 per cent. † Bank bill rates in table are buying rates for prime paper. ‡ Buyout rates for four-month bank bills 6 1/2-6 3/4 per cent; four-month trade bills 6 1/2-6 3/4 per cent.

Approximate selling rate for one-month Treasury bills 5 1/2 per cent; two-month 5 1/2-5 3/4 per cent; three-month 5 1/2-5 3/4 per cent. Approximate buying rate for one-month Treasury bills 5 1/2 per cent; two-month 5 1/2-5 3/4 per cent; three-month 5 1/2-5 3/4 per cent. Finance House Base Rate (Published by the Finance House Association) 8 1/2 per cent. From October 1, 1977, Clearing Bank Deposit Rates for small sums at seven days' notice 3 per cent. Clearing Bank Base Rates for lending 7 per cent. Treasury Bills: Average tender rates of government 5.913 per cent.

HOME NEWS

Steel chief warns workers

BY ROY HODSON

AN OPEN LETTER warning the 200,000 workers of the British Steel Corporation that "there are some hard decisions in front of us" has been written by Sir Charles Villiers, the chairman, on the first anniversary of his appointment.

Council car

CANTERBURY City Council will buy a £1,150 used car to be used by the mayor and deputy mayor.

Cheaper power demanded for industry's big users

BY ROY HODSON

A CALL for cheaper electricity for Britain's big industrial users was made last night by Mr. Dick Charles, deputy managing director of British Aluminium and president of the Aluminium Federation.

loner in London, said: "Such an adjustment in the balancing of electricity tariffs might do more for Britain's manufacturing competitiveness than any other business schools, consultancy companies, and bits of legislation put together."

But in Britain the tariff structure meant that the industrial user was having to pay about four-fifths the price charged to the low voltage consumer.

Chamber More British workers Public totally rejects Bullock are being lured abroad, MPs told borrowing ceilings 'should be scrapped'

BY ARTHUR SMITH

TOTAL rejection of the Bullock report on industrial democracy was expressed by the Birmingham Chamber of Commerce in a policy document issued yesterday.

Instead, the Chamber calls for a period of extensive experimentation where alternative ways of involving employees may be tested.

MORE WORKERS appear to be leaving Britain for other Common Market countries than the number of EEC workers arriving here, according to a report published yesterday.

This is in contrast to the trends of the early 1960s, says a Department of Employment memorandum to a Commons Select Committee on Race Relations and Immigration.

THE GOVERNMENT should abandon the ceilings on public sector borrowing imposed as part of the agreement with the International Monetary Fund and undertake a substantial relaxation of the economy, according to a new pamphlet published today by the Fabian Society.

Fuel bills aid 'not enough'

BY OUR CONSUMER AFFAIRS CORRESPONDENT

AGE CONCERN: the organisation representing the interests of old people, yesterday attacked the Department of Energy's new plans for helping the poor with their winter fuel bills.

cent discount on their electricity bills—less the 25 that they have already been paid.

It would not help those pensioners getting rent and rates rebates, many of whom were to great need.

Easier HP is urged by finance houses

BY MICHAEL BLANDEN

WEST EUROPEAN suppliers of civil aviation groundservice equipment can expect a 7 per cent average annual growth in demand for their products over the next 10 years.

THE U.K. finance houses need access to greater amounts of long-term funds to enable them to continue meeting industry's needs, it has been argued by the Finance Houses Association in further evidence to the Wilson Committee.

facilities available to industry. The lack of investment is due mainly to the reluctance of industry to invest at a time of economic uncertainty and high interest rates.

Using these figures, Mr. Ormerod says that government fiscal policy, though apparently expansionary, is in fact highly contractionary and becoming more so as public spending cuts take effect.

'BSC pays too much for scrap'

THE BRITISH STEEL Corporation could save up to £200 million a year, at a time when it faces serious financial difficulties, by abandoning its scrap-buying policy, said Mr. Stanley Whitaker, president of the Yorkshire Scrap Association, yesterday.

Airport equipment demand grows

By Michael Donne, Aerospace Correspondent

WEST EUROPEAN suppliers of civil aviation groundservice equipment can expect a 7 per cent average annual growth in demand for their products over the next 10 years.

Jubilee double for workers

A COMPANY chief thanked his 1,000 workers yesterday by touring the factory and giving them each two Jubilee crowns.

This came by way of a letter from the company's managing director, Mr. Gerry Walsh, who said the four-hour pay-out in celebration of the company's 50 years of making thermistors.

Recession The figures showed that the whole of the actual PSBR this year could be directly attributed to the recession, and the Government would actually be in surplus if the economy were at full employment.



BLACKWOOD MORTON & SONS (HOLDINGS) LTD.

Group Results year ended 30 June 1977

Table with 2 columns: Item, Amount. Sales £26,369,315; Trading Profit £1,151,078; Profit after all charges £173,063; Transferred to reserves £108,063.

Extracts from the Statement by the Chairman, Mr. K. M. Hamilton

* In the second half of the year under review volume was reduced and profit margins were severely affected.

current financial year. The price of cotton has also fallen and this will be advantageous to our lower manufacturing subsidiary company, which again made a reasonable profit for the year.

World Cup show

SCOTTISH soccer enthusiasts in Liverpool for the World Cup match with Wales will be able to listen to their local radio station, Radio Forth and Radio City, which both broadcast on 104 metres medium wave, are joining forces for the afternoon to present a live World Cup show which will be heard by listeners in East Central Scotland and Liverpool.

NORTHGATE EXPLORATION LIMITED DIVIDEND NOTICE

Notice is hereby given that a dividend (No. 11) of Twenty-Five Cents (25c) per share, payable in U.S. currency, has been declared by the Directors of Northgate Exploration Limited, payable October 18, 1977, to shareholders of record October 3, 1977.

The Business of important manufacturers of Axminster Carpets is offered for sale

Annual Turnover approximately £15 million Located Nr. Worcester, England

The Company is able to demonstrate a history of substantial maintained profits and has an excellent order book position. It has an experienced and successful management team and sophisticated management information systems.

A detailed prospectus of the business is available on application to:

Touche Ross & Co., (Ref. CM/ARH) 27 Chancery Lane, London WC2A 1NF Telephone: 01-242 9451

SKF

Interim statement

SKF Group sales increased by 10.1% during the first eight months of 1977 and amounted to 5,042 million Swedish kronor (Skr) compared with Skr 4,579 million for the corresponding 1976 period.

Bearing sales went up by 7.4% with a substantial contribution to Group earnings despite the keenly competitive high-stock market situation.

Commenting on the position at the opening of SKF Steel's new 350 million kronor facilities, Group President Lennart Johansson could not foresee any appreciable profitability improvement in the Swedish end of operations during 1977.

Comparison tables including the financial year 1976:

Table with 4 columns: Item, Jan 1st-Aug 31st 1977, Jan 1st-Dec 31st 1976, and another column for 1976. Rows include Sales, Cost of goods sold, Selling and administrative expenses, etc.

*The figures include internal deliveries between the three product lines.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Strike threat at Montedison

ITALY'S main trade union confederation today called a general strike against the Milan-based chemicals conglomerate, Montedison, following the company's threat to lay off some 8,000 workers of its heavy loss-making fibres subsidiary, Montefibre.

Setback for SCA

SVENSKA CELLULOSA (SCA), Sweden's biggest forest product conglomerate, shows a fall in earnings of over 23 per cent to Kr.243m. in the interim report for the first eight months of this year.

FTC to examine Bayer bid plan

THE U.S. FEDERAL Trade Commission has been given the task of scrutinising the possible acquisition of pharmaceutical company Miles Laboratories by Bayer A.G., the giant German chemical company.

Swiss companies

THE 1976-77 business year of the Swiss electrical engineering concern Landis and Gyr AG, which ended on September 30, came well up to expectations.

The problems of Perrier

THE PURCHASE by a Swiss confectionery group of the stake in Consortium Francaise de Conserverie previously held by the French food and drinks company Perrier is significant for two reasons.

Swiss companies

Landis and Gyr orders up 15%

BY JOHN WICKS. The 1976-77 business year of the Swiss electrical engineering concern Landis and Gyr AG, which ended on September 30, came well up to expectations.

German bankers' inflation view

IN RECENT weeks there has been a tendency for German banks, including the 12 state associations which handle the wholesale and foreign exchange business of the German savings banks, to place their surplus liquidity in British Government securities, without laying off the exchange risk.

Eurobonds Prices still easing

THE U.S. dollar sector took another turn for the worse yesterday with some prices lower by anything up to half a point—some dealers said three-quarters of a point—and falls generally extending to a quarter of a point.

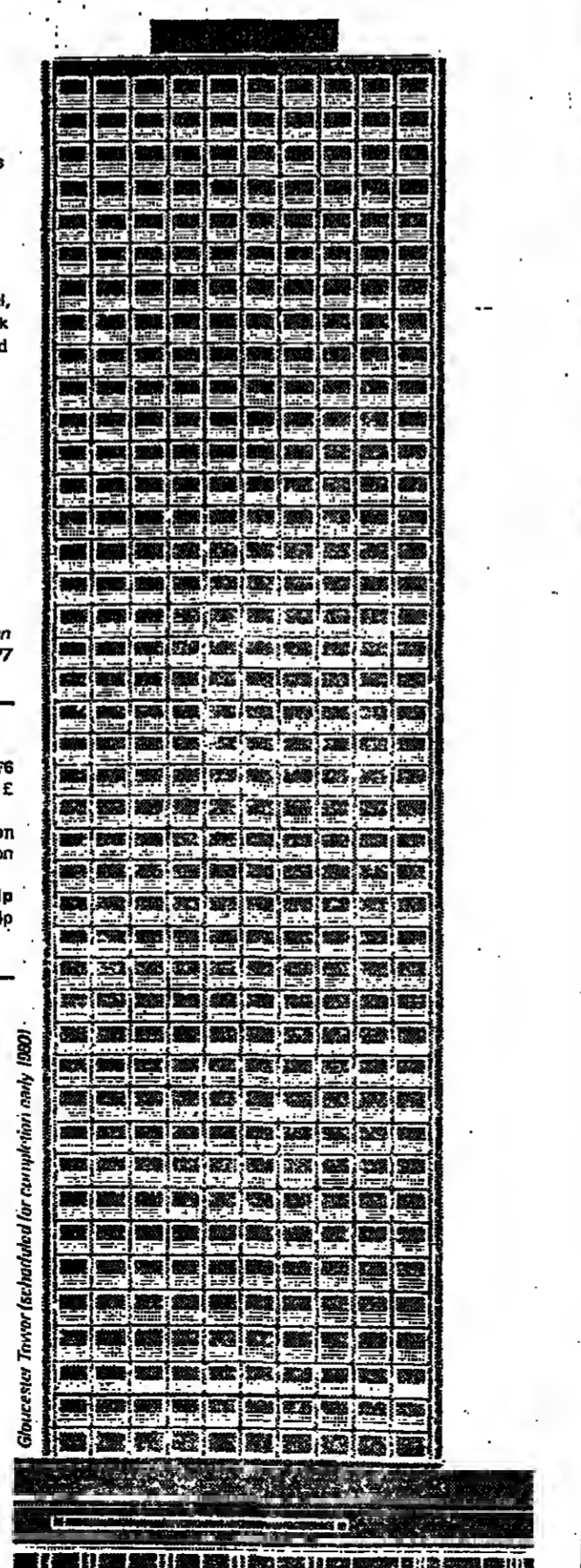
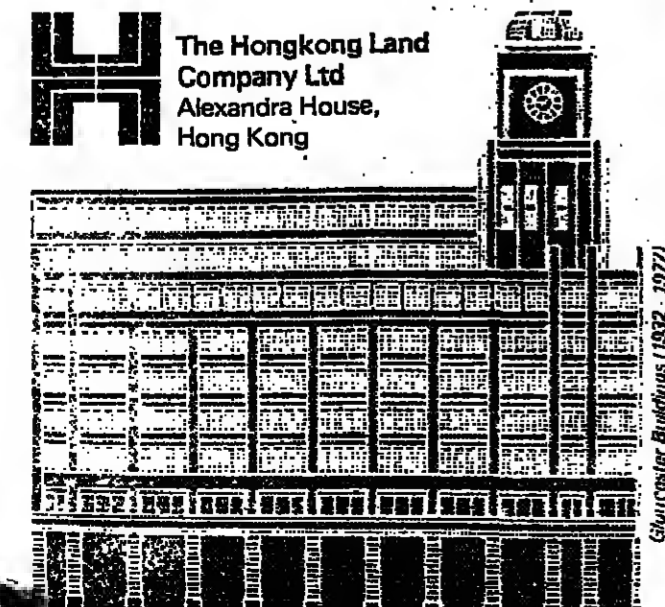
BAT subsidiary suspended

BY OUR OWN CORRESPONDENT JOHANNESBURG, Oct. 5. UTICO HOLDINGS, the 70 per cent owned local subsidiary of BAT Industries, requested suspension of its Ordinary and Deferred shares this afternoon.

Progressive Year for Hongkong Land

Half Year Group Earnings to 30 June 1977, after taxation, were £11.06 million (14.4 per cent increase).

Table with 2 columns: 1977 and 1976, showing Group Profit after Taxation, Interim Dividend, Earnings per share, and Interim Dividend per share.



Advertisement for Public Power Corporation (Dimosia Epihiris Elektrismou) Greece, featuring a logo and a list of banks providing term loans of up to US \$50,000,000.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

MEDIUM TERM CREDITS

A successful market debut for Malawi

BY FRANCIS CHILES

MALAWI HAS just raised its first medium term loan on the Euronmarket: \$25m. for seven years, carrying a spread of 2 per cent. over Libor. Managers of this loan are Bank of America, Bank of Montreal, Bank of Tokyo, Barclays Bank, Chase Manhattan, Dresdner Bank and Standard Chartered.

concerning the country's economy which is contained in the placing memorandum accompanying the loan is high. The borrower apparently apologised to the banks for being unable to provide figures of reserves as they stood at the end of August.

Between 1971 and 1976, the Government's external debt service ratio has been reduced from 9.8 per cent to 5.5 per cent, and the external debt amortisation schedule shows a steady rise over the next few years with no risk of hunching whatsoever.

DOMESTIC BONDS

NIO issue pitched on cautious terms

By Jeffrey Brown

WEAK demand for the recent tender issue by the Dutch Government has led the manager yesterday to pitch the NIO issue by the Nederlandse Investeringsbank voor Ontwikkelingslanden NV to set cautious terms.

There are some eight or nine existing NIO issues currently in the market, most of them carrying a life of up to 20 years. Yesterday's offering, pitched for ten years, was noticeably more investor conscious. It will carry a coupon of 7 1/2 per cent, and dealers were yesterday predicting an eventual issue price of 99.

HONG KONG NEWS

Hongkong Land set for another record year

BY DANIEL NELSON

HONGKONG LAND seems headed for another record year. It has announced a group net profit of \$HK30.5m. for the six months to June 30, up from \$HK7.5m. The interim dividend is increased from 11 cents to 12 cents, and the company says it expects a final of at least 25 cents, against 22 cents.

The news follows a disappointing half-year 2.9 per cent profit increase by the subsidiary City Hotels, but is generally in line with expectations. Many investors expect Land to produce a 15 per cent profit increase for the year as a whole, followed by a big jump in 1980-82, when profits of \$HK400m. look feasible.

unveiled a \$HK100m. luxury flat project expected to generate \$HK15m. a year rental on completion at the end of 1978. At the end of last year, initial liabilities were less than one-third of the book value of properties held for investment.

Reuter adds: David Newbigging, chairman, said sufficient funds for the group's present requirements had been assured by the \$HK300m.—equivalent bond issue in May.

also remain fully let, while some 60 per cent. of the apartments in its Chi Pu Fa Yuen new township development at Pokfulam on Hong Kong Island have been sold in advance of completion.

The group has entered the industrial property sector for the first time by agreeing to manage 2m. square feet of factory space in Kowloon and the New Territories.

Tribunal on insider dealing

HONG KONG, Oct. 5. A STANDING Tribunal to investigate cases of alleged insider share dealings will be established, subject to Executive Council approval, Hong Kong's Governor Sir Murray Macleod, said.

The Commission for Securities will have to establish a prima facie case of insider dealing and the Financial Secretary, on advice from the Securities Commission, will decide whether or not to refer cases to the Tribunal.

Golden Harvest acquisition

GOLDEN HARVEST Group of Hong Kong has acquired the London-based Cathay Films, a film distribution company for Europe, the Middle East, Africa, South America and other areas.

Disappointment at Myer

BY JAMES FORTH

SYDNEY, Oct. 5.

MYER EMPORIUM, Australia's largest department store retailer, managed only a 4.6 per cent gain in earnings for the year to July 31, from \$A.42.7m. in \$A.44.65m. The increase, in fact, was almost entirely accounted for by the recently introduced tax benefit on the firm of a trading stock valuation adjustment designed partly to allow for the effects of inflation.

ratio, actually declined slightly from 4.41 cents in the dollar to 4.39 cents. The directors only remained on the result was that sales fell short of expectations. Despite efforts by management to combat unfavourable economic conditions and depressed consumer demand.

The result was after tax relief of \$A.2.83m. from the stock valuation adjustment. The Board has not transferred an amount equal to the adjustment to a reserve as recommended by the joint accounting bodies.

Biscuit maker expands

BY OUR OWN CORRESPONDENT

SYDNEY, Oct. 5.

ARNOTT'S, Australia's dominant biscuit maker, has raised its dividend from 8.5 cents a share to 9 cents, following a 13.5 per cent gain in profit to \$A.75m. in 1976-77. The dividend is covered by earnings of 16.5 cents a share, compared with 14.8 cents in 1975-76. Group sales rose 14.5 per cent, from \$A182m. to \$A208m.

The directors have restated the 1975-76 profit by writing off \$A.374.148 of future tax benefits brought to account in that year, against unappropriated profits. This is because they do not consider the realisation of the benefits as "being assured beyond any reasonable doubt", and follows a change in the recognition of the joint accounting bodies on the treatment of future tax benefits in tax effect accounting.

Toohey's record earnings

BY OUR OWN CORRESPONDENT

SYDNEY, Oct. 5.

TOOHEY'S, New South Wales brewer, boosted earnings by 33 per cent to a record \$A.6.82m. in the year to July. Dividend is raised from 7.5 cents a share to 7.8 cents and is almost twice covered by earnings of 14.5 cents a share. Earnings in 1975-76 totalled 10.9 cents.

The profit growth was achieved despite an increase of only 0.18 per cent in the NSW beer market. Toohey's beer gallonage rose 8.1 per cent, with almost all the increase coming from packaged beer. Bulk beer sales increased by only 0.6 per cent in a market that saw volume decline by 3.1 per cent. Toohey's packaged beer sales jumped by 20.9 per cent in a market that rose 4.9 per cent overall.

Toohey's share of the bulk beer sales rose to almost 40 per cent, while it increased its share of packaged beer sales to nearly 37 per cent.

The nuclear power station company Kernkraftwerk Lebstadt AG is to float a Sw.Frs.100m. loan to help finance construction. The 15-year loan will have a coupon of 5 per cent, and be offered from tomorrow at a price of 100.5 per cent. Lebstadt is owned jointly by various electricity generating and holding companies and the Swiss Federal Railway.

The last loan issued by Lebstadt was Sw.Frs.60m. in May of this year, also on a 5 per cent coupon. This took its funding programme for 1977 up to Sw.Frs.160m. In the meantime, the forthcoming Sw.Frs.35m. option loan of Swissair is to be floated from October 27 to November 4.

Tubos de Acero TUBOS DE ACERO DE MEXICO S.A., a Mexican steel-fabricating concern, announced through its attorneys that its lenders have granted a 20-month extension to October 30, on waiver of certain loan restrictions, which the company is not meeting, pending completion of a previously announced debt restructuring programme. AEDJ reports from New York.

Table with columns: STRAIGHTS, MID-DAY INDICATORS, NOTES, FLOATING RATE NOTES, CONVERTIBLES. Lists various financial instruments and their prices.

Advertisement for Carisbrook Industries, Inc. a subsidiary of Hanson Trust Limited. Senior Notes due 1992. Net asset value as of 30th September, 1977 per Cr\$ Share: Cr\$19.318 per Depository Share: U.S.\$11.879.95 per Depository Share (Second Series): U.S.\$11.755.91.

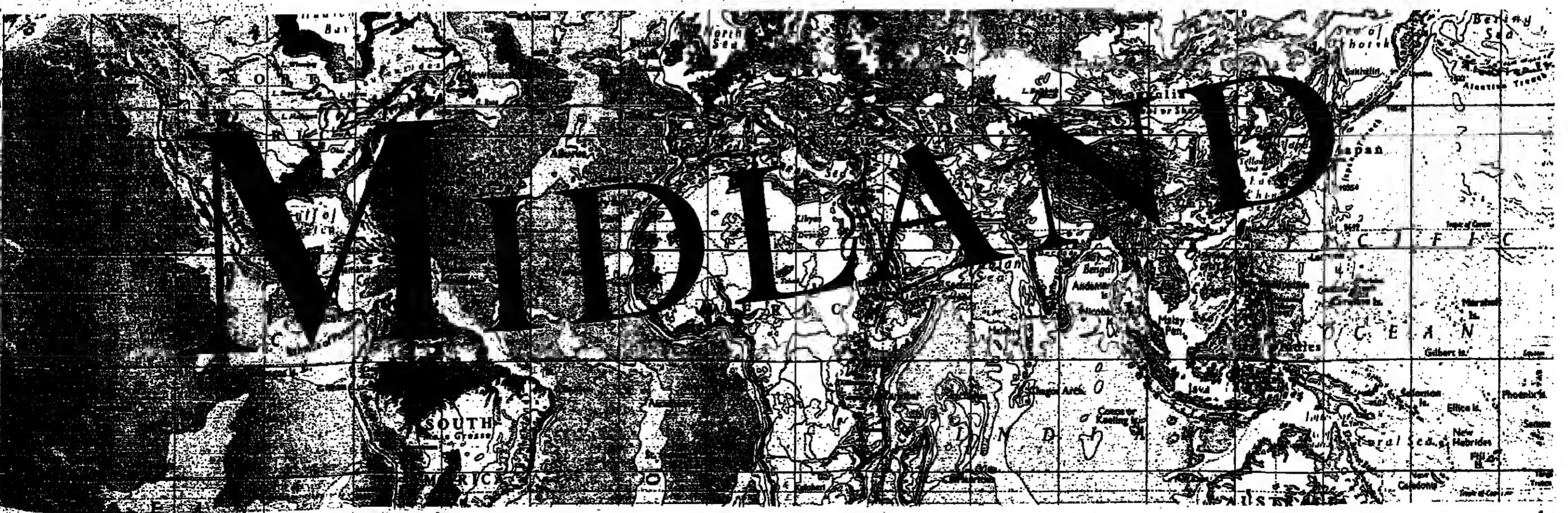
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Midland Bank International  Delivers.

FINANCIAL TIMES SURVEY

Thursday October 6 1977

ALUMINIUM

While many sectors of metals and engineering are still badly affected by the world trading recession and see no signs of early relief, the aluminium industry has continued to expand and believes the outlook for the year to come is favourable.

THE FIGURES for primary aluminium production in the western world as prepared by the International Primary Aluminium Institute tell their own story. The daily production average peaked at nearly 4,000 tonnes in the early part of 1974. Production then jumped as the Arab-imposed price increases began to sponge on the international market, falling to 26,600 tonnes a day in 1975.

There has been a steady climb since. By January this year the daily production was up to slightly more than 30,000 tonnes. And in June before the holiday season in Europe and America began to distort production touched 35,000 tonnes a day.

Production in August was 10 per cent above the same month in 1976. After the shock of massive energy price rises in the industry which is so energy dependent all the signs are that the average invested capital is still below the level needed to build the new aluminium capacity that this country will require in the not-too-distant future.

Another major company, Kaiser Aluminium, put the argument for moderate growth in 1978. After the shock of massive energy price rises in the industry which is so energy dependent all the signs are that the average invested capital is still below the level needed to build the new aluminium capacity that this country will require in the not-too-distant future.

in the past and is exploring possible economies at all stages from the lifting of the bauxite to the point-of-sale of rolled and extruded metal.

One example of a way to save money is the recycling of aluminium. The American producers intend to place growing reliance upon supplies of recycled scrap—mostly cans. The recycling of aluminium consumes less energy than primary production.

Another major company, Kaiser Aluminium, put the argument for moderate growth in 1978. After the shock of massive energy price rises in the industry which is so energy dependent all the signs are that the average invested capital is still below the level needed to build the new aluminium capacity that this country will require in the not-too-distant future.

But progress in Europe will depend largely upon greater use of the easily-recovered aluminium can. And at present the tin can shows no signs of losing its dominance in the West European markets.

Profits have been recovering generally during the re-expansion of aluminium demand. Of

profits situation with rising debts on new plant. Efforts to contain aluminium production growth must be seen in the context that projections worldwide for the use of the metal are still in nearly all countries, far and away above the projected growth of the gross national product. World production is

Meanwhile, prices can be expected to rise. At the moment the international price is more than 50 cents per pound for the metal and some observers expect it to touch 60 cents by 1980. Round about 55 cents per pound seems to be the minimum price at which experts are agreed it

Britain has only been a large-scale aluminium smelting country for a few years since the completion of the smelters at Invergordon, Lynemouth, and Anglesey. After more than their share of troubles in the early days all three are now working well and producing competitively. They have the advantage that they were built before the prices explosion. Each smelter would probably cost three times as much if work were starting today.

The British industry now has a smelting capacity of about 350,000 tonnes a year which still leaves the home market reliant upon imports of aluminium of some 100,000 tonnes a year. The companies are British Aluminium with its big smelter at Invergordon and smaller Scottish smelters, Alcan with the Lynemouth smelter, and Kaiser and Rio Tinto Zinc holding respectively two-thirds and one-third of Anglesey Aluminium. Manufacturing managing director in Britain, summed up the aluminium industry's new owners have given much thought to the possibilities. But British Association: "Inflation aluminium is an industry which competes strictly on world terms when production costs are being considered. For that reason the British smelting companies would not expand without long-term arrangements for continuous supplies of electricity at a more favourable rate than the normal industrial tariffs prevailing in

Britain. World smelter development at present is being concentrated in those countries which are power rich such as Bahrain, India, Paraguay, and Brazil.

When aluminium was first brought into use some metal experts suggested that world requirements might be met by a single lot of the metal being made annually. Now it is well understood that with demand rising by anything up to 10 per cent every year aluminium is going to continue to surprise its makers with the uses to which it will be put by industry.

The British industry now has a smelting capacity of about 350,000 tonnes a year which still leaves the home market reliant upon imports of aluminium of some 100,000 tonnes a year. The companies are British Aluminium with its big smelter at Invergordon and smaller Scottish smelters, Alcan with the Lynemouth smelter, and Kaiser and Rio Tinto Zinc holding respectively two-thirds and one-third of Anglesey Aluminium. Manufacturing managing director in Britain, summed up the aluminium industry's new owners have given much thought to the possibilities. But British Association: "Inflation aluminium is an industry which competes strictly on world terms when production costs are being considered. For that reason the British smelting companies would not expand without long-term arrangements for continuous supplies of electricity at a more favourable rate than the normal industrial tariffs prevailing in

Future In the future however it looks as if price will be an increasingly important factor to be taken into account when aluminium is being considered as an alternative to other materials. Mr Jim McLay, Alcoa Manufacturing managing director in Britain, summed up the aluminium industry's new owners have given much thought to the possibilities. But British Association: "Inflation aluminium is an industry which competes strictly on world terms when production costs are being considered. For that reason the British smelting companies would not expand without long-term arrangements for continuous supplies of electricity at a more favourable rate than the normal industrial tariffs prevailing in

Storm has been weathered

By Roy Hodson

Domination

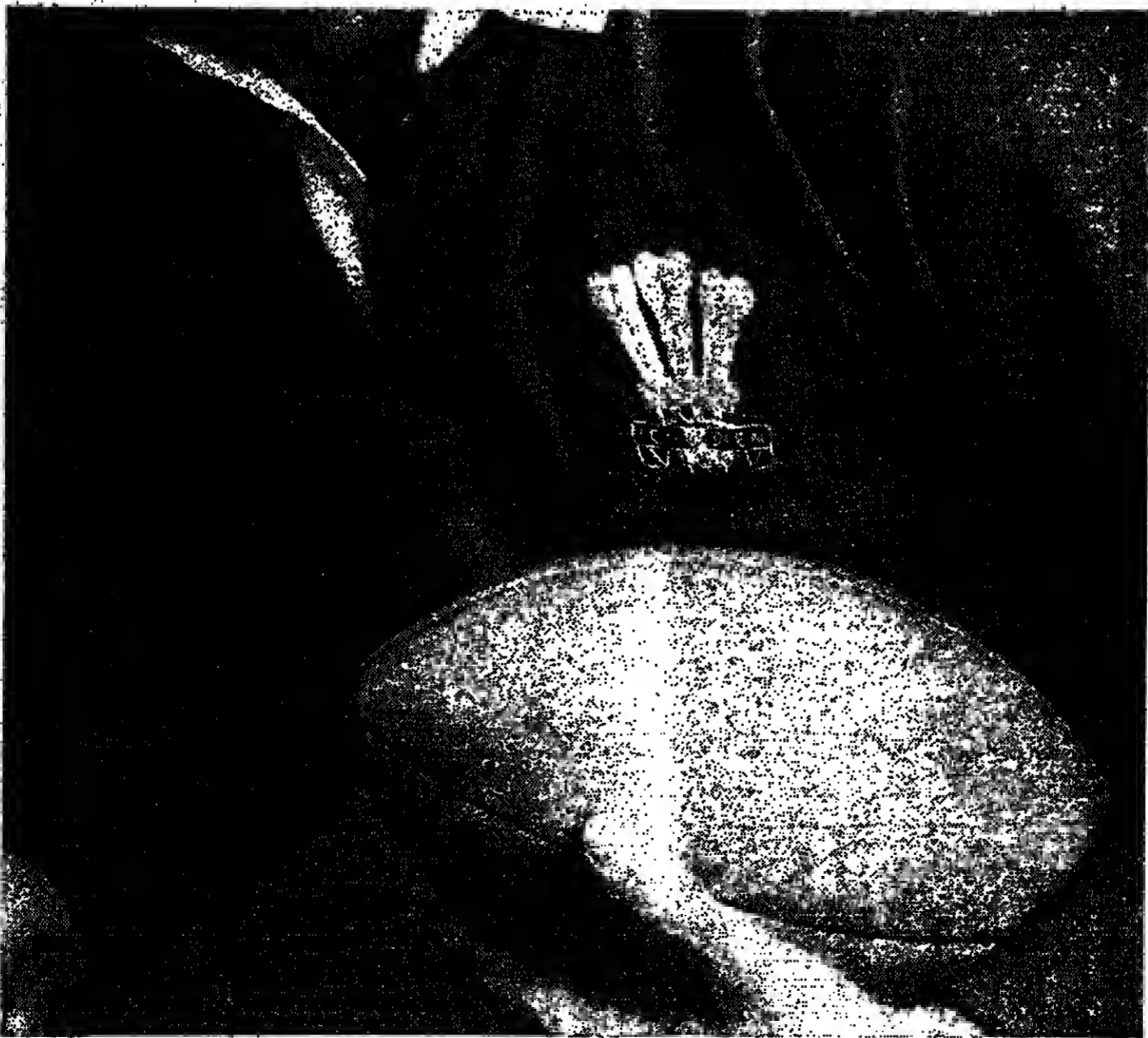
But the big companies that dominate the industry are determined that, having weathered the storm, things are going to be different from now on. The trend clearly is for the big aluminium producers to follow the growth of the market during the 30 years from 1945 to 1975, caught up in a race for expansion which left it breathless more cost-conscious than it was

that there is no doubt. Last year the sales revenues of some of the major producers were: Alcoa \$2.9bn.; Alcan \$2.6bn.; Reynolds \$2bn.; and Kaiser \$1.8bn. All those companies were showing better profits than the previous year. During the first half of this year the general improvement has continued. The essential problem now facing the big companies is how to avoid slipping back into a

now about 13m tonnes a year including Russia and China and the average world growth in aluminium demand is expected to be round about 5 per cent, to 7 per cent. As long as the big companies hold to their line of following rather than leading demand it is evident that world supplies of primary aluminium will "draw tighter and tighter" (the latest Spectra Report on the industry).

would be economic to build new smelters on greenfield sites. However, aluminium has always expanded far and fast in an uncertain world and history might easily repeat itself. As one manager said: "All we need is a small breakthrough in the use of aluminium by the American automobile industry and we would be scraping the streets to find enough metal."

For Europe's biggest aluminium RCS mill Alcoa chose a Welsh team.



With the whole of Europe to choose from, Alcoa decided on Waunarlwydd, South Wales as the site for Europe's biggest aluminium RCS (Rigid Container Sheet) rolling mill. The choice was not arbitrary. The Welsh are champions in more fields than rugby. Their metalworking and engineering

skills have long been recognised throughout the world. Now, these skills are being teamed with Alcoa's technical leadership in aluminium and its investment capital to provide a reliable European source of supply for high-quality aluminium sheet to the car-makers of Europe, the Middle East and Africa.

The £35 million aluminium sheet mill, reputedly the most modern in the world, will soon be rolling. And a whole range of products, from German lager to Swiss cheese, will be packaged in Welsh aluminium. For the Swansea community, Alcoa's investment will mean secure employment, the

purchase of more local goods and services, as well as a positive contribution to local rates and to the country's export drive. Alcoa Manufacturing (GB) Ltd., Waunarlwydd Works, Swansea, Glamorgan. Alcoa is a trademark and registered trademark of Aluminum Company of America.

For innovations in aluminium, consider Alcoa first.



World producers look to expanding markets

THE PRODUCTION of aluminium is essentially an international industry. There are adequate supplies of bauxite in many parts of the world mostly lying between the two 20 degree parallels of latitude. The other essential ingredient is power—abundant power—for the electrolysis process used in the smelters. Those two basic factors mean that a world view has to be taken whenever aluminium companies are considering new plant. The third factor of importance is, of course, nearness to markets. But that is of smaller consideration for the primary production of the metal judging by the current trend towards huddling smelters where the power is cheapest in developing countries.

Unlike steel, aluminium does not show marked variations in quality between producers. In fact, the metal is traded extensively between companies in the industry to match their local market needs with the production capacity available to them. The metals trading world has long sought a bigger slice of that business and there are moves in London and the United States towards free markets in the metal similar to the fashion in which other commodity metals are traded.

Returns

The aluminium companies are against the establishment of such markets. The production of aluminium and its marketing has never, since 1943, provided really adequate returns upon capital as the industry has spent heavily on new plant to cope with a fast growth in demand. The industry sees no reason why dealers with no investment in the industry should be permitted to set up markets and take a middle-man's share from overall profits on the metal which are already inadequate. In London aluminium companies have not approved of one London Metal Exchange member's scheme for investing in

the metal. Under the scheme, Mr. J. H. Rayner offers clients a contract and the opportunity to buy or sell either spot or forward metal up to a year ahead. London traders who are established dealers in the metal for the industry feel that the main interest in such a scheme will be from speculators.

The London Metal Exchange may, however, give further consideration to a contract in aluminium to complement the five other metals traded on the exchange.

The demand for aluminium is moving forward healthily worldwide after the energy crisis. The U.S. market may see 7 per cent. growth this year and the European market perhaps 6 per cent. growth.

There is a growing consensus

of opinion in the international industry that the progress being made by aluminium indicates that there could be a shortage of the metal by 1980. That is a position to which the industry is overtly working towards by its policy of securing better financial returns of existing plant and acting cautiously towards any further major investment until the price of the metal can justify it.

But another factor, as yet not measurable, is the extent to which some aluminium users will discard the metal in favour of other materials if the price rises from the present level of just over 50 cents a pound towards the forecast levels of 55 cents to 65 cents a pound in future years. It could be that supplies of the metal will not

become as tight as the producers foresee at present. The United States automotive industry is very much a bell weather in its use of aluminium. Even a small increase in the amount of the metal going into every car out of Detroit can be enough to upset many of the industry's forward calculations of demand.

Signs are that the movement towards greater use of aluminium and other lighter-than-steel materials is going to quicken as the U.S. motor industry strives to save fuel and reduce the overall weight of its products.

The new Ford luxury model, the Versailles is the first American car to use an all aluminium hood (bonnet to Europeans) and aluminium

forged wheels as standard items from the production line. Alcoa quote some forecasts that by 1980 the average American car will contain about 70 kilograms of aluminium compared with 45 kilograms to-day. By 1985 the estimate is that a typical car will use between 90 and 180 kilograms.

Sufficient

Even a small quickening in the use of aluminium in cars would be sufficient to cause the industry production difficulties. Only about 1m. tonnes of new aluminium smelting capacity is being planned in the world at present—sufficient to increase world output by 7.6 per cent.—and about half of that is in Latin America. If a new demand from such a customer as the automotive industry catches the industry unawares it will have to achieve the extra production from its current plants rather than considering new giant smelters on greenfield sites.

It should be added that aluminium, while appearing to be an obvious choice for use in future car designs, is not having everything its own way. Ford is experimenting with magnesium for some small parts such as steering column locks and engine ancillary parts. Magnesium costs roughly twice as much as aluminium at present. But the U.S. National Research Council has calculated that magnesium could be produced to the future at only about 1.4 times the cost of aluminium.

One yardstick of growth which aluminium men have come to accept is that demand for their metal—this wonderful metal—as one described it—runs at twice the growth in gross domestic product of any society. That kind of ready reckoning will have to be reconsidered if a situation develops for the first time of too much demand chasing too little production.

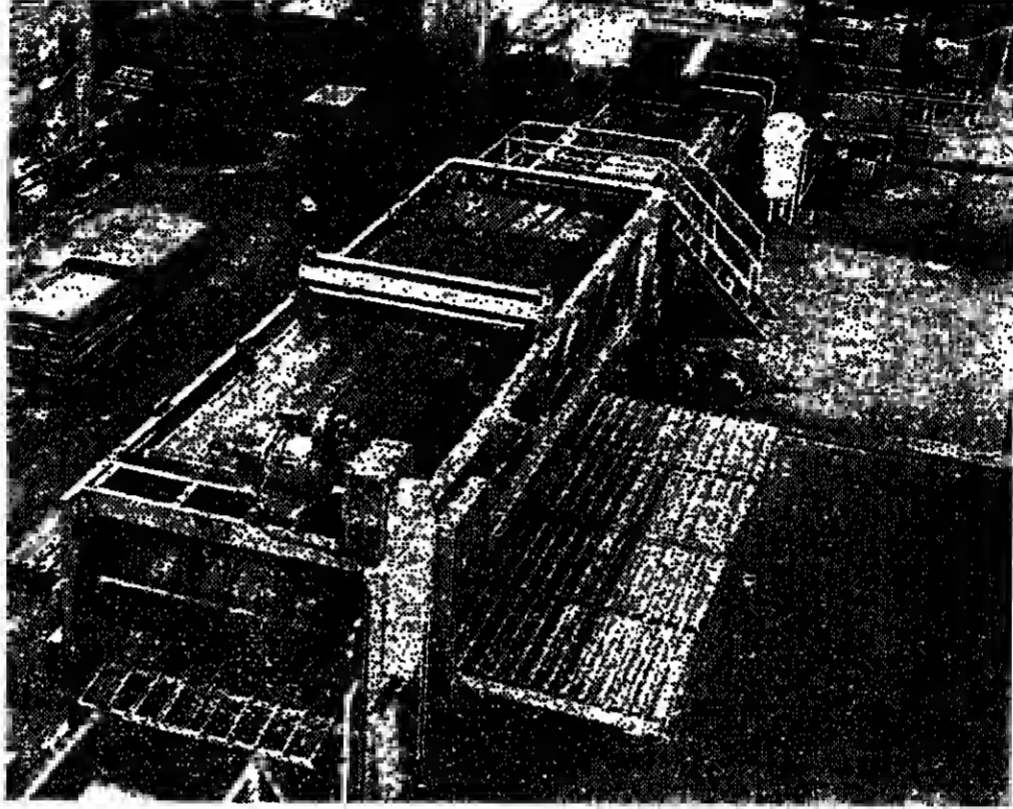
Most aluminium reaches the public either in castings form

or in products made from "semitis." The sale of "semitis" which is the metal in rolled or extruded form, has not so far been affected in any dramatic way by recent rapid increases in prices. The aluminium men with the outputs of the rolling mills and extrusion plants to shift are hoping the use in many industries of the aluminium has become such a habit, and the convenience of the metal are now so well known; that it may have become more insensitive to price movements than the aluminium companies themselves have dared hope.

Where is aluminium going to inevitably shed its high price structure, and develop new ones? The glittering prospects in the automotive industry were recently described by an aluminium executive as "only the tip of the iceberg." Packaging is an obvious growth area and the swing towards aluminium for beer cans and soft drinks is expected to continue. There is also a potential long-term in food packaging. Moving into completely new fields the major companies are great hopes for ultra-pure aluminium for which there are only minor markets to-day. The prospect is the use of the product for enclosing fusion reactors. Aluminium could be made so pure that it would have any significant residual radioactivity.

A market for the 1980s will be super-conductors of power. Naval applications will develop for high-speed ships. Finally aluminium links like having an important part to play in the new world of automation—energy. It will be used in windmills, solar collectors and other equipment. The backing of those schemes might reduce that they will be relying upon a metal, which itself requires large quantities of power to manufacture.

Roy Hodson



New cut-to-length line, installed at British Aluminium's Falkirk rolling mill last year.

Bauxite production

AFTER THE alarm of just a few years ago when the threat of an effective bauxite cartel appeared to hang over the aluminium industry, the six big producers which dominate world production of the metal have within the past year felt able to downgrade raw material supply on the list of their most important worries.

Three years ago, led by Jamaica, the main supplier to the U.S., the big bauxite producing countries formed themselves into an association which initially looked as though it might do for aluminium what the Organisation of Petroleum Exporting Countries (OPEC) had done in the oil industry. Dissatisfied with the return they were receiving for their asset, the Jamaicans imposed a new taxation and levy system—later followed by other bauxite producers in the Caribbean and elsewhere—which had the effect of increasing more than sixfold the payments which the big aluminium producers were obliged to pay.

By this year, however, by dint of long negotiation, a certain amount of brinkmanship on both sides, but most of all as a result of a reversion to both sides of mutual dependence, a new modus vivendi has been reached between the bauxite producing countries and the aluminium industry. The bauxite producers—most of them developing countries—are now receiving a fairer price for their raw material, at the expense of the aluminium companies in more advanced developed countries, than two-thirds of its bauxite. The common interest which

both parties have in orderly growth in demand for the metal has staved off, however, any major disruption which could have resulted in rival products, such as steel or plastics, gaining at aluminium's expense. The bauxite producers have also been careful to stop short of moves which could have driven the aluminium industry into the use of alternative materials as a base for alumina production—the intermediate stage between ore and aluminium.

The more relaxed attitude which the aluminium producers now feel able to adopt is mainly the result of the final negotiation over the past year of agreements with a number of leading suppliers. Including Jamaica, which will now ensure continuity and security of supplies for the foreseeable future at a higher price than pre-1974. Following imposition of its much higher levy based on the price which aluminium achieves in the final consumer market—the Jamaicans made known their intention of acquiring a stake in the mining operations of the big producers on the island. Last November after long discussions Alcoa the biggest of the U.S. producers came to an agreement covering its integrated mining and refining operations. Under this the Jamaicans took a 6 per cent. stake in the total business—equivalent in asset terms to a 31 per cent. stake in the mining operation alone. Another producer Kaiser which had been dependent on Jamaica for more than two-thirds of its bauxite supply agreed to a Jamaican

takeover of 51 per cent. of its mining facilities in return for a guaranteed supply from a new joint company formed between the company and the Jamaican authorities. A similar deal has followed with another big U.S. producer Reynolds and other major groups operating on the island have either signed or expected to sign agreements. Inspired by Jamaica most of the other big bauxite producers in the Third World have sought to increase control over their assets and a number of these deals have now also been concluded.

It has proved possible to reach these agreements in generally amicable discussions largely because the bargaining position of both sides has been relatively balanced. The big U.S. producers would prefer to receive their supplies of bauxite from Jamaica and other relatively near sources of supply because of the existing capital tied up in processing, handling, and other facilities in the Caribbean and neighbouring countries, and because of the savings in sea transport costs compared with other more distant areas. Bauxite also remains a far more abundant source of alumina than other ores.

Even before 1974, however, the big U.S. producers had begun to look around for alternative sources of bauxite supply, and in the past few years major additions to known resources have been made with

the discovery of huge new world's biggest producer. In Africa, and most recently in Brazil, potentially the biggest producer of all. Thus Alcoa was deriving 94 per cent. of its alumina from the Caribbean in 1972 but by 1974 had reduced this to 70 per cent. By last year, when strikes and other production problems had caused the prolonged shutdown of facilities in Jamaica, Alcoa was drawing only 38 per cent. of its supply from the island, making up the shortfall with increased supplies from Guinea in West Africa and Australia.

The chances of the International Bauxite Association ever becoming a cartel able to wield the same power in aluminium as OPEC in oil are doubted by the big producers. "The IBA has not been effective in establishing a world price for bauxite because the cohesive ness of its member countries has never been strong. The divergent internal political and economic needs of each country have kept the IBA from becoming a pricing body and will continue," Charles W. Parry, an Alcoa vice-president claimed recently.

The key factor in preventing the organisation from achieving more than its present relatively small measure of cohesion is the availability of bauxite supply, and in the past few years major additions to known resources have been made with materials which could be used

CONTINUED ON NEXT PAGE

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The ASV Group is an integrated group of industrial enterprises annually producing and marketing about 300,000 tons of aluminium products in all phases from primary ingot to finished goods. The Group has some 7,300 employees, and sales revenues in 1976 amounted to more than 2,000 million kroner, of which almost 80% were accounted for by exports. The parent company, Ardal og Sunndal Verk a.s. is owned by the Norwegian State (75%) and Alcan Aluminium Limited (25%).

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Sunndal Verk, Sunndalsøra
Høyanger Verk, Høyanger

POWER STATIONS
Tyin Kraftverk, Ardal in Sogn
Høyanger Kraftanlegg, Høyanger
Fortun Kraftverk, Fortun

FABRICATING PLANTS
Nordisk Aluminium a.s., Holmestrand
Høyanger Polaris a.s., Rygge
Metallemballasje a.s., Ottestad pr. Hamar
Tubefabrikken a.s., Sem
Vik Verk, Vik in Sogn
Høyanger Polaris a.s., Sandnes, Klepp
Nordisk Aluminium a.s., Gylgøra and Skive, Denmark
Scandia-Paper a.s., Odense
Aluminord a.s., Copenhagen
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ASV co-operates with Norznk A/S Oda, in the production of aluminium fluoride
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ASV GROUP

Ardal og Sunndal Verk a.s.
Sarkedalsveien 6, Oslo 3, P.O. Box: 5177, Norway.
Telephone: (02) 60 58 80.
Telex: 11093 asval n, Cable address: ARDALVERK, OSLO.

Handwritten signature or mark.

ALUMINIUM III

Constantly changing market pattern

THE traditional standards of the aluminium industry have been rising very steadily during the last year, as a series of increases have taken price of the primary metal more than 50 cents a pound.

The four selling qualities of aluminium are its lightness, its electrical conductivity, the ease with which the metal can be formed, and its high resistance to corrosion.

Now that aluminium is steadily divorcing itself from the traditional stance of selling on price alone it is going to be vital to the producers to go for markets when one or more of those qualities offers aluminium a special advantage over other materials.

A prime example, of course, is the car market. The aluminium marketing men charge the British car companies with being backward in their use of aluminium for both bodywork and engine castings.

Compared with alternative materials for transportation work, the building industry, and shipping, aluminium is now known to be at some price advantage with steel (mainly because the depressed state of a steel trade is hindering price but cheaper than steel).

The persistently low price obtained for copper and the world has damaged aluminium's prospects for the time being in the engine and ring market to which it was aking great strides. However, the aluminium industry does believe that the low copper prices will last for ever, and companies are continuing to bid to keep the hold they ready have to the electrical market. As soon as the copper price begins to rise aluminium will be selling aggressively in an to try to make further roads into copper's share of a market.

An interesting point about the "critical" market is that although the swing in aluminium has stopped there has not been corresponding swing back to

wards greater use of copper in areas of production where aluminium has already been adopted.

The packaging and associated markets are providing important growth in aluminium sales in Britain. Food and drink packaging used 23,600 tonnes in 1976. The tonnage rose to 28,000 in the peak year 1974 and last year stood at 25,000 tonnes.

The overall consumption of aluminium foil in packaging, electrical engineering, mechanical engineering, and building, touched 44,000 tonnes last year. Mamber companies of the British Aluminium Association say the higher consumption is due to three major markets—dairy and confectionery packaging, and foil containers for frozen foods.

There is plenty of foil rolling capacity in Britain now following major investments by all the companies. The outlook for the foil business is good. Exports are rising and the home market looks like climbing to new levels following the post-1974 recession.

The Association is holding a symposium on the use of foil in packaging in London next month. The idea is that the event should mark the start of an energetic new promotion to increase the understanding of industry and the public about the uses of aluminium foil. The industry believes that up to 80,000 tonnes of aluminium a year may be going into production of foil in Britain by the mid-1980s. It is a major growth market.

Another business which has big growth possibilities is the lithographic printing sheet from aluminium. Some tens of thousands of tonnes of aluminium are expected to be required annually for that trade. The industry is producing a specially finished high quality aluminium plate for the printers.

Some researchers in the

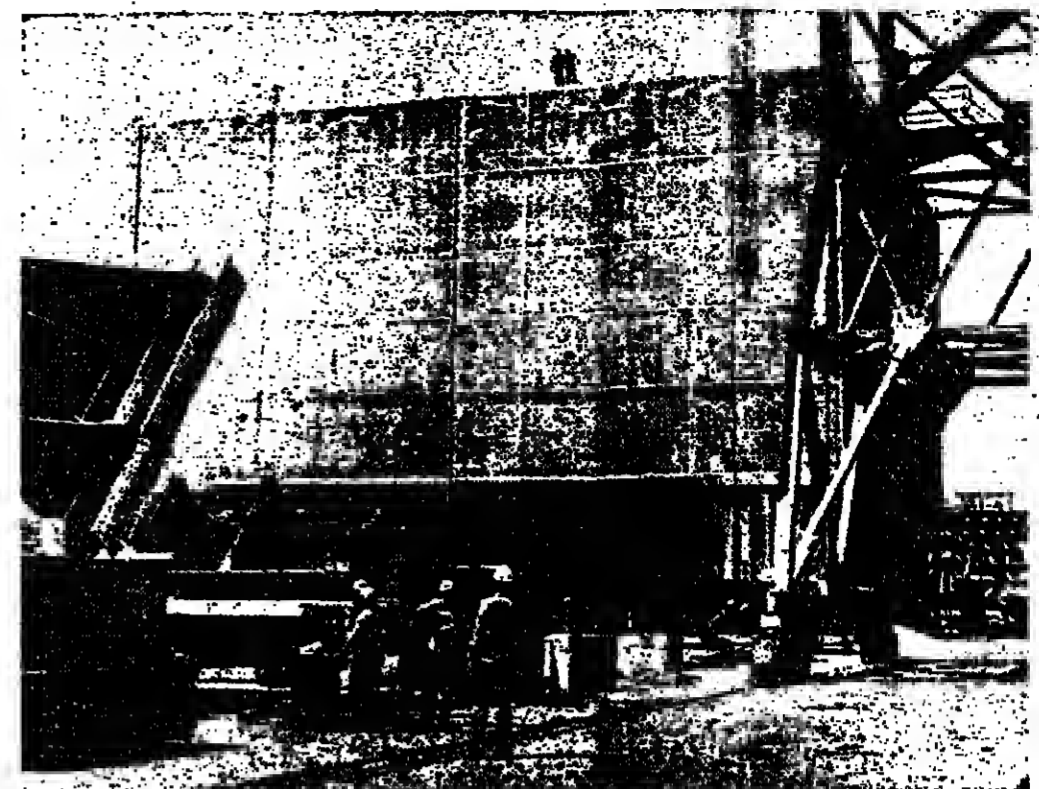
British industry expect the use of aluminium for cans to grow in those two areas should, if necessary, be lost to other materials rather than sell aluminium at profitless prices.

But the aluminium British industry expect the use of aluminium for cans to grow in those two areas should, if necessary, be lost to other materials rather than sell aluminium at profitless prices.

In Britain aluminium will be in a constantly changing marketing pattern during the next ten years caused by price levels against competing materials, by the unwillingness of the aluminium producers to sell at profitless prices any longer in order to capture markets, and by the new competition that will be posed by some rivals, in particular plastics.

Running an aluminium business is not going to be the easiest job around. But the reward is going to be the virtual certainty of continuing to be a fast-growing industry.

Roy Hodson



One of the 950 ton liquefied natural gas tanks being built by Kaiser Aluminium at Mobile in Alabama

Growth

The American market was set firmly on a growth course when Reynolds Aluminium lugged at the existing tinplate market for cans. Reynolds set down about half a dozen aluminium can plants itself and found outlets for beer and soft drinks through the brewers.

In Britain it is not likely that any aluminium company would take on Metal Box which has nearly 70 per cent of the can market. Instead the aluminium companies are hoping to penetrate the can market quietly but firmly. Already the beverage tinplate cans have aluminium tops. Metal Box, for its part, sees aluminium as an alternative material to compete in price with tinplate.

The biggest pitch being made in Britain for the canning market is coming from Alcoa which expects to have its new \$33m rolling mill plant at Swansea in full production this year. The production capacity of up to about 60,000 tonnes a year is aimed directly at the British and European can markets. The product is already in strong demand from can companies.

Bauxite

CONTINUED FROM PREVIOUS PAGE

World resources of bauxite are now put at some 17,000m. IBA A number of big aluminium groups including Alcoa, Alcan, various Japanese and European companies are involved in exploration in Brazil, which as well as supplying a large domestic smelting capacity, due to be increased to more than 1m. tonnes by the mid 1980s, is likely to make a significant contribution towards North American bauxite needs.

Australia has the biggest known reserves of bauxite, and within recent years has overtaken Jamaica as the leading supplier with total output last year of around 21m. tonnes—half as much again as Jamaica.

Australia, too, while it has been prepared to join the IBA where it sits alongside the further defensive measure. In Dominican Republic, Ghana, Guinea, Guyana, Haiti, Jamaica, Sierra Leone, Surinam, and Venezuela, has been unwilling to agree to common pricing, which have acquired major Australia has the drawback of deposits within recent years.

The drawback with these alternatives is that they contain only around 28-35 per cent of alumina compared with around 43-60 per cent. from a high-import Australian alumina as grade bauxite, so that costs of extraction are much higher.

One group working in the field may yet prove to have by far the biggest world reserves of bauxite and so far it has also set itself against common pricing, however, to have pro-

duced good results from its pilot plant to separate alumina from the clays currently under examination, into its chemical constituents—alumina, sulphuric acid and potassium sulphate (fertiliser). The attraction of this material—also used as a basis for aluminium production in the Soviet Union—is that a ready market exists for the two by-products.

Alcoa and Pechiney of France are among other companies which have announced experimental projects aimed at finding an economic alternative to bauxite. The two companies are currently producing 20 tonnes a day of alumina at a plant near Marseilles in France through a process which reacts sulphuric acid and hydrochloric acid with alumina-bearing clays and shales.

At present it is thought likely to be well into the 1980s before any of these projects can compete effectively with bauxite. The levy system by pegging the payments which the aluminium producers have to make for their bauxite to the price realised by the metal will eventually bring bauxite up to the price where it will become economical to switch to synth-

etically. It is partly because of this that the Jamaicans and other leading producers have themselves been seeking to limit their own dependence on the North American market by interlocking forward into alumina and aluminium production and by looking for new markets for bauxite. The Jamaicans have a number of agreements with neighbouring countries in the Caribbean and Latin America which could lead to the construction of smelters in the area using Jamaican bauxite, and as part of its policy of seeking expanded trade relationships with countries around the world, Jamaica is hoping to sell bauxite to the Soviet Union.

A new balance of interests has now been achieved between the developing country suppliers of bauxite and the big producers which looks like offering the industry stability until well into the 1980s and beyond. The main problem for the industry now is financing the new smelting and other facilities needed to enable it to continue to meet demand and to continue to increase its output from the bauxite producers.

Rhys David

All aluminium is the same, but aluminium companies vary.

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THE ADVANTAGES of recycling aluminium are obvious. The production of the metal consumes huge quantities of electricity. Some nine-tenths of that energy can, in effect, be used again if the metal is saved, re-melted, and re-used.

If the aluminium industry is to continue to produce competitively and to enjoy growth markets for its products it will have to turn increasingly to recycling as a means of reducing its total energy costs.

Aluminium is a good metal from the energy saving viewpoint—after it has first been made. Its lightness compared with steel means that, for instance, an aluminium-bodied truck will use less fuel than a steel-bodied counterpart on every trip. Multiply that up to worldwide employment of aluminium and it is clear that the metal can provide considerable energy savings in such areas as transportation.

Aluminium which now is being sold as primary metal at just over 50 cents a pound can be re-cycled for just 15 cents a pound. Clearly the basic price of the metal would be influenced if sufficient could be re-cycled. In Britain recycling has so far been largely confined to re-circulating metal among the producers and the large sources of aluminium scrap from merchants, fabricators, and aluminium-using factories. The British secondary aluminium plants have an output of 187,000 tonnes a year compared with primary production of the metal of 334,000 tonnes a year and a total British consumption of aluminium (including imports) of some 600,000 tonnes a year.

The secondary smelting business is mainly concerned with producing re-cycled aluminium ingot used by foundries serving the motor industry, the domestic appliance industry, and others. If the re-cycling of the metal is to develop in Britain beyond the present level and with consequent benefits to the balance of payments new answers will have to be found to the collection problem.

Tens of thousands of tonnes of aluminium are effectively "lost" because the metal is not recovered after having been made into foil, bottle tops, cigarette wraps and soft-drink cans.

Re-cycling is further advanced in America where aluminium cans collected through the Kaiser Aluminium "Can Do" drive totalled some 90,000 tonnes last year. Some 1.2bn cans were collected.

The programme was started seven years ago when the aluminium can first became an important outlet for aluminium in America. Since then Can Do has reclaimed more than 300,000 tonnes of aluminium and the industry has paid the public nearly \$5m. for the cans collected. Can Do now has more than 125 re-cycling sites.

The beverage can has proved in America to be the key to a vigorous collection programme for household aluminium waste. It has never proved easy to reclaim foil and packaging. But the cans are easily separated from other waste and transported to collection centres. In Britain such a drive must depend upon the acceptance of the aluminium can. Alcoa is making the necessary aluminium strip but the co-makers

are keeping their options open by using both un-plate and aluminium.

The American Can-Do drive has been part of a concerted effort to clean up communities every sign of being a British and European growth industry. As the aluminium beverage can becomes more common and collection systems swing into gear. But there are other interesting sources than can be more fully exploited for the increasingly valuable metal. Old caravans, greenhouses, outdoor furniture, and pieces of household equipment are rich aluminium sources. The industry would also like to get its hand upon more domestic pots and pans which have come to the end of their lives. More could be done to separate aluminium from cars being broken up.

Sources

The Americans claim to have identified seven separate sources of litter. Motorists and pedestrians are obvious enough. The five other sources are the poor disposal of household and industrial waste, uncovered trucks shedding bits and pieces along highways, untidy construction sites, and careless managing of the loading and unloading of

vehicles. Those sources have been found to account for more than half the man-made solid waste in American communities.

Re-cycling aluminium shows every sign of being a British and European growth industry. As the aluminium beverage can becomes more common and collection systems swing into gear. But there are other interesting sources than can be more fully exploited for the increasingly valuable metal. Old caravans, greenhouses, outdoor furniture, and pieces of household equipment are rich aluminium sources. The industry would also like to get its hand upon more domestic pots and pans which have come to the end of their lives. More could be done to separate aluminium from cars being broken up.

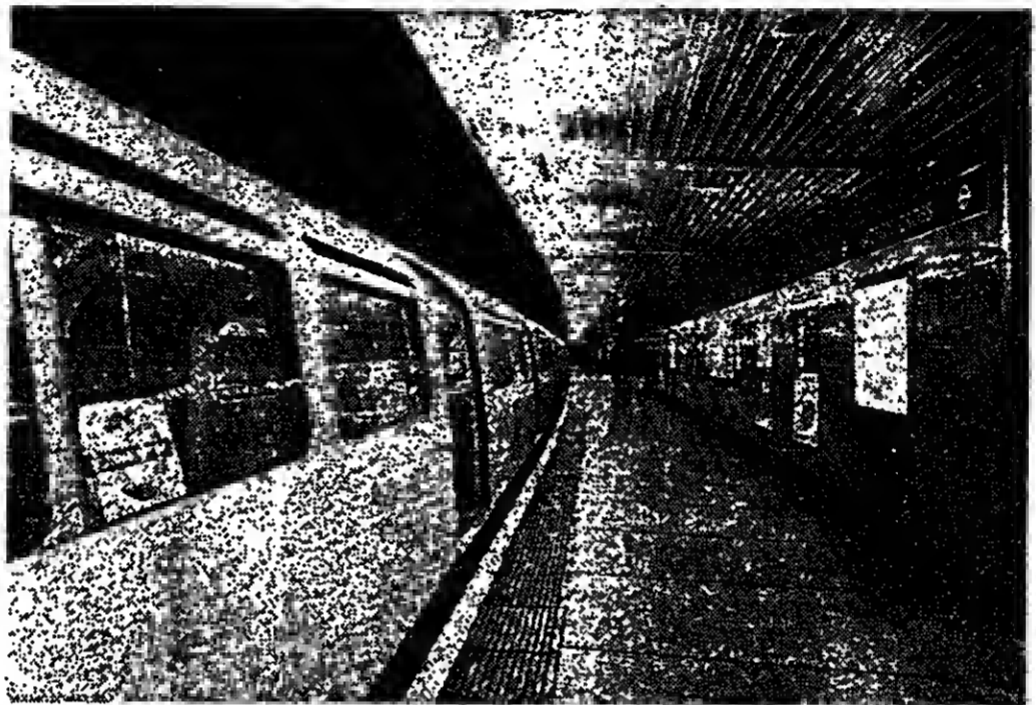
As growth in the use of aluminium continues it is clear that there will be an increasingly valuable "bank" of the metal re-circulating in Britain. Given time aluminium collection and recovery could reach something like the importance now accorded to ferrous scrap

recovery which is recognised as playing a vital part in the steel industry cycle.

Cleaning and recovering the used metal has called for a programme of technical development. International Alloys, an Alcoa British company, has done a lot of research as the leading British secondary metals smelter. The company developed a salt flux recovery plant which recclaims metals and about 100 tonnes of industrial salt a week. Last year the U.S. bought a giant recovery plant with a 30,000 tonnes a year output from Newell Dunford Engineering operating under licence from Intal. Intal also developed a swarf dryer for removing oil and moisture from aluminium machine turnings which are a

useful scrap source. The trend in the secondary metal industry is towards pre-treatment of scrap destined for the secondary smelters. In cleaned, dust is removed, the aluminium pieces reduced to small sizes for easy handling.

Secondary smelting and recycling are developing together. Aluminium foil packaging recovered in quantity is present for the smelter. A national recycling programme is expected to develop throughout Europe. The need to re-foil and its associated costs are forcing the secondary smelter to carry out new research and pre-treatment methods.



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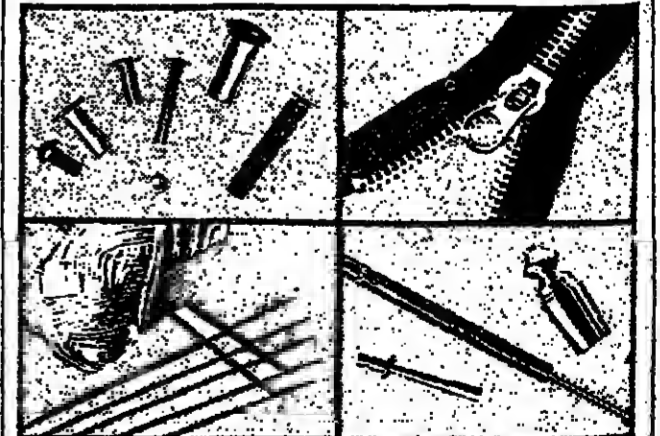


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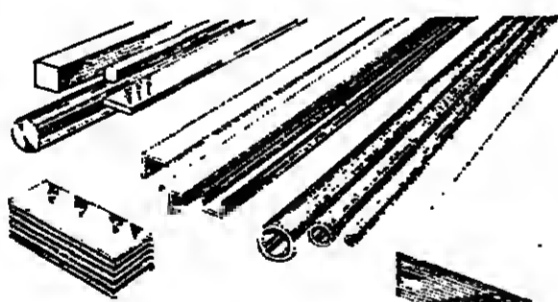
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Bigger role for stockholders

TRADE IN aluminium. It is from Mr. Healey, the Chancellor said, is so quiet that when a of the Exchequer, or from other modest order drops through the letterbox the noise can be heard all over the plant. That is, of course an exaggeration, but that the comment is made at all illustrates the plight of the industry. The cautious optimism expressed in the early part of the year was dissipated in the continuing flatness of main markets like engineering and building and construction and the postponed replacement of truck and van fleets. The transport market was hit harder by the debilitating tool room strikes at British Leyland and Lucas, and the strikes at Ford, all of which forced motor industry suppliers to cut back on materials intake. In general stockholders usually carry three months stocks. They now hold on average about six months, so it will need a powerful stimulus

one would expect some casualties among the weaker and smaller independents, but this is not happening on any noticeable scale, nor are mergers at all an obvious feature. It seems that, once again, the stockholding sector will pull through, if not unscathed at least not significantly depleted in numbers. "But I wish," sighed one big stockist, "we had a snar pricing policy," a sentiment that will no doubt be widely echoed.

Improvement While hope springs eternal, on any realistic view the fourth quarter is going to be no better than the summer has been, and there are precious few signs that the first quarter of next year will be any better either. There is some modest prospect that the reduction in mortgage rates will get the building industry out of the trough, that the general engineering industries will respond to the package of incentives Mr. Healey is preparing, and that companies and hauliers will feel confident enough of the future to modernise their fleets of vans and trucks. A spring upturn would then become a more dependable forecast, although one of the impediments is the stocks held by stockists' customers. There is some anxiety that in too many cases these may turn out to be almost as top-heavy as those of the stockists. Until the upturn comes those who will survive best will have the deepest purses, but even the less financially well off will be able to average any losses in aluminium over other non-ferrous metals like brass and copper in which most of them also deal and which are faring just a little better.

Despite the battering the aluminium market is taking there are no doubts about its longer term future. With some other metals a period of weakness leaves them open to attack from alternative metals and to-day some admit to operating plastics, but as far as can be seen at under 15 per cent. In the ascendant aluminium has current phase of the market resisted encroachments of this

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Aluminium

ALUMINIUM V

Energy saving a priority

THE PRIMARY production of aluminium is one of the more energy intensive processes in the metals business. Smelters require huge amounts of electricity to operate the chemical process which separates white aluminium from bauxite and as a result energy is not only the aluminium industry's major overhead expense it is one which can vary to a quite striking degree.

The cost of energy has historically been a headache to the aluminium smelter: since the oil crisis of 1973 the problem has been seriously compounded. Speaking at the fifth annual general meeting of the International Primary Aluminium Institute, Mr. Ronald Utiger (managing director of the British Aluminium Company) told members that the major changes in energy costs are not yet found a new equilibrium. Mr. Utiger's words are rarely four and a half months old.

Problems

Members of the IPAI have needed little reminding of their energy problems, but Mr. Utiger's thumbnail sketch of the industry's worldwide cost structure provide a worthwhile and easy to assess reflection of the aluminium industry's expenses. He pointed that those producers lucky enough to enjoy long-term energy contracts for hydro-electric power—and over 10 per cent of the world's aluminium is produced from this source—may still be enjoying relatively low prices. These smelters entirely dependent on imported oil—mid-1970s. In 1975, world oil produced aluminium accounts for almost an eighth of world output—may be facing costs that are currently a factor of six. Thus the swings in costs and structure are massive. Rising

costs have recently closed some plants in the U.S. which were dependent on natural gas for energy. The problem is not only that a large block of firm power is now difficult and expensive to obtain but there is also great uncertainty about the future trend of energy prices. Even the huge Bonneville Power Authority in the U.S. has given notice that it may not be able to renew existing power contracts when they fall due in the 1980s.

Arguments

Mr. Utiger noted that not even the oil producing areas were free of this particular problem. "To so far as a power station there may be fuelled by flare gas which is otherwise wasted, then genuinely cheap power is possible. But if the power station is to be fuelled by oil or gas which could otherwise be sold at the world price, or kept in the ground for later sale at an even higher price, then this is not a genuinely cheap energy—it is just priced unrealistically to subsidise industrial development."

In a recent brief on energy conservation, the IPAI suggested that in the total system from mine to end product aluminium can be a major energy saver, in comparison with other materials providing related quality services. Used to reduce dead-weight and therefore energy consumption, the low density of aluminium offers directly calculable savings in energy.

At the same time, once made aluminium can be re-cycled with minimal loss and with only 5 per cent of the energy needed for the initial process. The growth of re-cycling which saw some 16 per cent of all aluminium cans returned for further use in the U.S. in 1972 has a compounding beneficial effect in energy savings. For every ton of primary aluminium produced, the secondary smelters in the western world re-cycle almost a quarter of that amount.

This can mean that the energy consumption within the ingot system alone is reduced. With the development and improvement of collection and re-cycling for scrap, there should be further reductions in future years.

Jeffrey Brown



The aluminium roofed buildings house Alcoa's new £35m. rigid container sheet mill at Wainarhydd near Swansea.

Stockholders

CONTINUED FROM PREVIOUS PAGE

kind with flying colours.

Its importance in energy conservation, particularly in transport, has become enhanced because of its weight saving properties, and as a structural and engineering material its qualities are more widely appreciated. If transport, for instance, upon which the world depends for its trade, is to spin out reserve fossil fuels then it will have to turn to lightweight metals and alloys which are sufficiently cost effective. Titanium, for example, seldom falls into this category; aluminium does. The Americans are especially concerned with energy conservation, one reason being that they import around half their requirements of oil. The Environmental Protection Agency, which is charged with overseeing such matters, has made one of the more penetrating studies of the problems, and has come to the conclusion that each pound of aluminium used in a car can save two or three gallons of petrol over the life of

the car. It believes it possible by the early 1980s for aluminium to be saving up to 600 gallons of petrol in the average car.

Not all of this business, of course, is going to flow through stockholders. But certainly an increasing proportion should do. Non-ferrous stockholding interests have been less ready than their counterparts in the steel industry to offer such a wide range of services in terms of cutting, slitting, and generally in shaping the metal to the exact requirements of a customer so that he needs to do only the minimum amount of additional work, and preferably none at all, before putting it to work on the production lines. This is partly because mills traditionally have dealt direct with customer needs, and partly because of the differences in demand patterns. Nevertheless, investment by the major groups in the industry like British Aluminium, Alcan, Alcoa and

equipment of an increasingly sophisticated character is going ahead quite strongly despite the recession. In this they are tending to follow the lead of Alcoa, the Ameral subsidiary, one of the first to exploit the potential of offering specialist services, though none seem yet to have entirely embraced its philosophy of making use of local specialist metal processors in order to allow it to press ahead faster with a more widely dispersed organisation carrying a full complement of stocks.

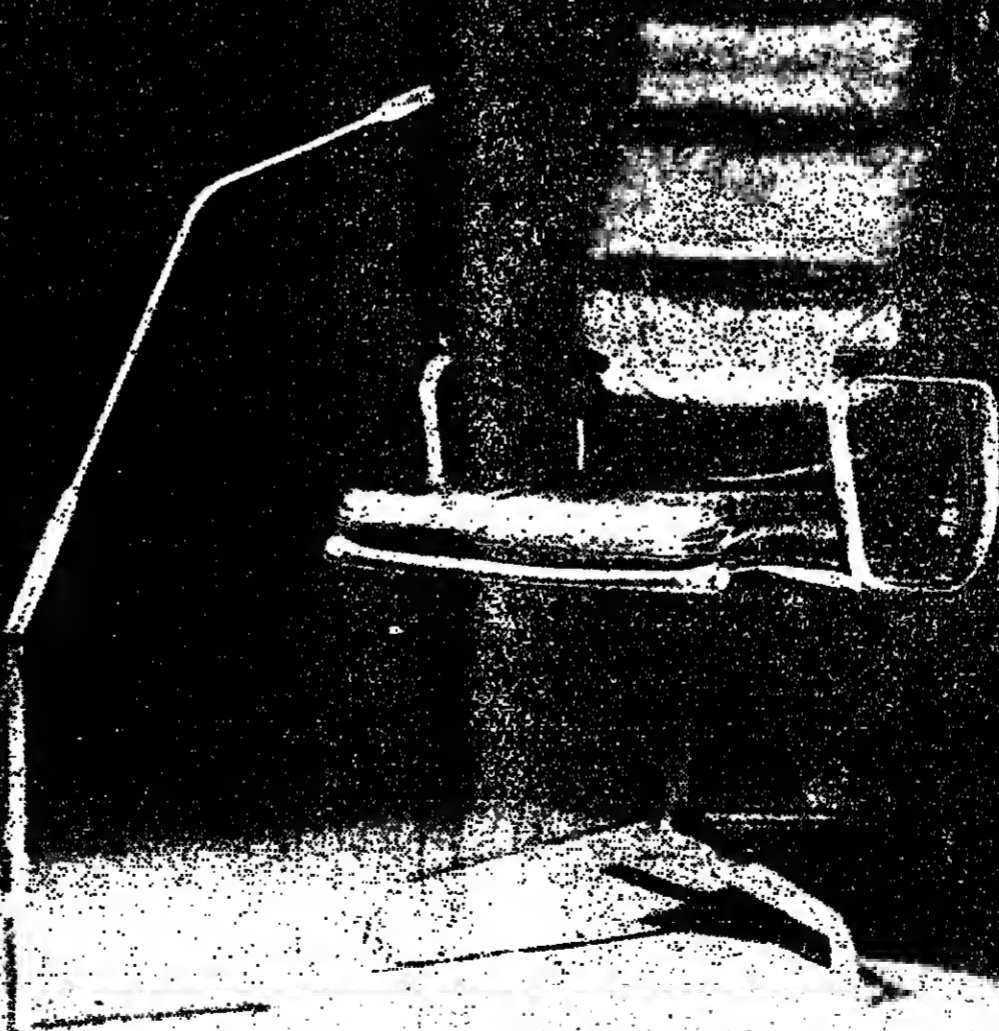
Continuing inflation, even at a slower rate, and the need to put a major effort into modernisation and marketing on the part of aluminium's major customers practically ensures that they will seek to carry minimum stocks well below what are now considered minimum—in other words, stockholding activities will become even more indelibly linked with fabrication. Since this trend became easily discernible in the 1950s it has gone faster and further in the rolled

Peter Cartwright



1. Who supplied the roof structure of the recently built El Nilein mosque in the Sudan? 2. Who manufactures the largest precision drawn tube in Europe? 3. What is the link between a beer barrel, a modern fighter aircraft, a pilfer proof bottle cap and a lamp post? 4. What have Norwich, Belfast, Paris, Romsey, Glasgow and Bristol in common?

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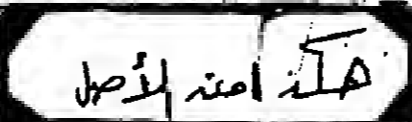
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A revolution in the foundry

IF THE current U.K. industrial strategy programme achieves little else, it will certainly have revolutionised the foundry industry. Evidence that the supply of castings of all types provided a major bottleneck problem for engineering industries at times of buoyant demand in the past is overwhelming. So, to encourage the foundries to undertake the vital investment in £90m. by way of grants—£70m. for the ferrous foundries and £20m. for the non-ferrous foundries.

It is estimated that around 400 of the 600 or so non-ferrous foundries are producing aluminium castings. The Non-Ferrous Foundries Sector Working Party (SWP) at the National Economic Development Office, when examining the industry's problems, concluded that the industry was short of finance for working capital, for both productive investment and investment in the equipment necessary to attract and retain labour, as well as finance to meet the statutory requirements of the Health and Safety at Work Act and forthcoming anti-pollution legislation.

It was admitted that the industry had been slow to invest in the plant and machinery necessary to modernise and improve working conditions which are generally hot, dirty and noisy and have given the industry a very poor image.

The problem has not been helped by the low barriers to entry which existed in the past as far as aluminium foundries are concerned. The cost of a pressure diecasting machine has been relatively low and many "under-the-arches" operations sprang up. The Health and Safety legislation has put an end to this and the cost of diecasting machines has risen substantially—a new one costs between £80,000 and £100,000 and this upward movement has been reflected in the second-hand market.

The large number of small and aluminium foundries, all willing to cut prices to the bone when business became slack, left the industry short of investment income. Even the larger aluminium foundries tend to be "Clindrella" operations within the large engineering groups and had been approved and these

have been left behind when there was cash to be spent.

It is certainly possible to produce adequate castings with old equipment. Thus, it is estimated that the average age of machinery in non-ferrous foundries in the U.K. is 14 to 16 years.

The SWP insisted that a government scheme of assistance should be provided for the industry "at the earliest possible date," to encourage the upgrading of production techniques to the best-known standards. The idea would be to modernise the industry in line with its main European competitors and to spend more on research and development for future improvements in the technology of the industry.

Request

The Government complied with this request but not without there being some initial problems. Ministerial hints were dropped that a scheme was on the way for the non-ferrous foundries but it took a year for one to be worked out and cleared by the European Commission. (Ironically, one of the arguments used at the Commission was that there is so little export and import of non-ferrous castings that the planned scheme of assistance could do no damage to trade between the member countries.)

Naturally, those foundries which planned investment during 1976 held back to wait for the scheme. Eventually it was launched in January this year. The scheme has the same aim as that for the ferrous foundries—"assisting new investment in modern plant, equipment and buildings." As in the case of financial aid schemes for other industries, a grant of 25 per cent. will be available at the discretion of the Department of Industry to meet the eligible costs of investment in plant and machinery.

would attract £1m of assistance towards investment totalling £4m. The 32 outstanding applications represented £15m. of investment which might need £4m. in grants. On top of that there were 40 possible projects under serious discussion which had not yet reached the stage where formal applications had been submitted.

The SWP also raised other important points in its examination of the industry's problems. It pointed out that detailed considerations about a medium-term strategy for the non-ferrous foundries depend to a large extent on a view about the future demand for castings. At present, companies in the industry and the trade associations do not have adequate knowledge about markets by end users, by industries and, to a lesser extent, by countries.

The SWP expressed particular concern about the future of the U.K. car industry and about the impact of the changing policies of the other major international car manufacturers on the demand for non-ferrous castings.

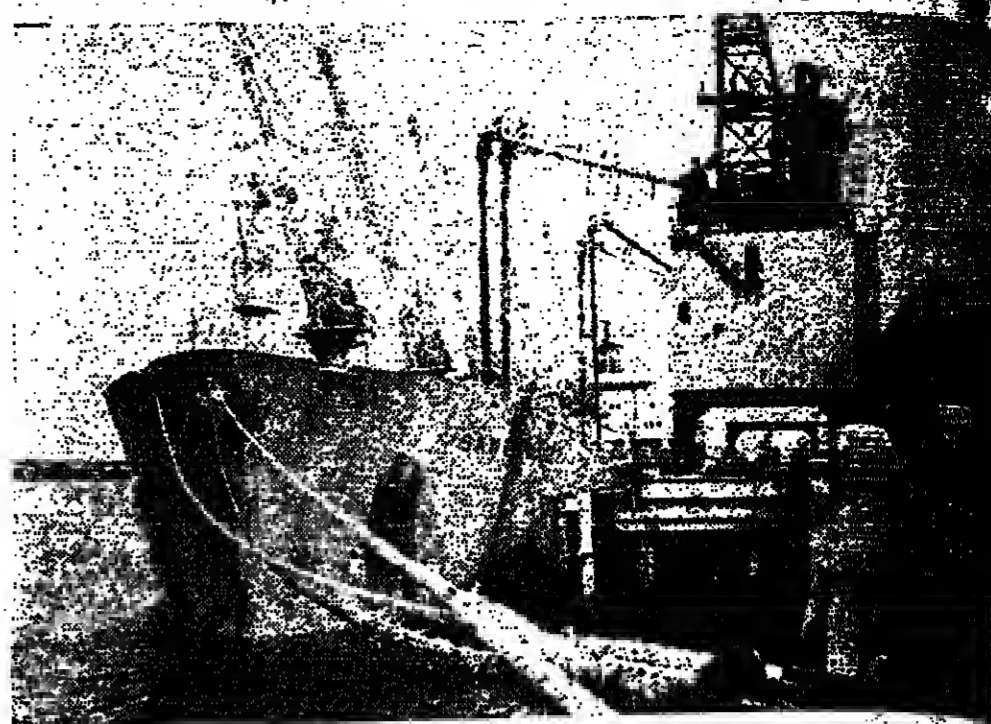
This latter point led to a small fact-finding exercise by NEDO staff who simply visited a number of leading European car companies to see how far they were willing to consider British suppliers for non-ferrous castings.

They found that in Sweden and France, companies like Saab-Scania, Volvo and Chrysler/Simca already import a substantial proportion of their castings and were generally well-disposed towards considering more British suppliers. Against this, visits to Germany and Italy suggested that there was a much tougher prospect for potential U.K. foundry exports. In the case of Fiat in Italy—the investigators found a highly efficient aluminium foundry operation with substantial excess capacity and a keen hunger for export markets—including the U.K.

The follow-up to this exercise has been left to the individual companies. The NEDO papers have pointed to the opportunities. It is up to individual companies to see if they can be seized. In essence it was a reminder to the industry: "Don't forget the overseas markets."

The European car investigation has been followed by one designed to discover more about the possible demand from the domestic appliance manufacturers in the U.K. This was carried out by the Programme Analysis Unit of the Department of Industry and its results are now ready for the industry to discuss.

But the fact remains that the motor manufacturers are—and are likely to remain—the aluminium foundry's biggest customers. Aluminium alloys are used in a wide range of engineering and consumer goods but the automotive industry accounts for 55 per cent. of demand. Domestic and office equipment are far behind accounting for 14 per cent. while electrical engineering is



Alumina ships tied up at Anglesey Aluminium's jetty.

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FARMING AND RAW MATERIALS

London tin reaches new peaks

By Our Commodities Staff

FRESH increases in the Straits price and an enthusiastic market... London tin reached a new peak...

Sugar market perks up as Geneva deadlock ends

By Christopher Parkes

WORLD sugar prices on the London terminal market bounded ahead yesterday in response to the news from Geneva that a new five-year International Sugar Agreement should be ready for signing by Friday...

Cocoa crop increase forecast

The London-based Holo Trading Company has forecast that world cocoa production could exceed 1.45m tonnes in the 1977-78 season...

Expansion goes on in spite of slump

By Robert Del Quiaro, recently in Lima

THE PERUVIAN copper industry is set firmly against a slump in production. It is pressing ahead with greatly increased output this year and with plans for further expansion in the rest of the decade...

Israel plans farm trade expansion

By Our Own Correspondent

ISRAELI farm trade expansion is being planned by the Ministry of Agriculture... The plan is to expand its exports of fresh agricultural produce...

Cod price 'panic' criticised

By Richard Mooney

THE U.K. fish trade yesterday described forecasts that cod prices could be forced up to £1.50 a pound as a result of Russian exclusion of EEC vessels from the Barents Sea as a 'panic' reaction...

Hectic dealing as coffee prices tumble

By Our Commodities Staff

REPRINTS of further Colombian coffee prices that Brazil was selling to Algeria... Hectic dealing as coffee prices tumble...

Mining

The main investments in hand and under consideration concern the state bodies Centromin and Misoroperu... Mining...

Ukraine heads for a record harvest

By David Satter

PRELIMINARY harvest results in the Ukrainian Republic... Ukraine heads for a record harvest...

Cod price 'panic' criticised

Even the higher Grimby price would only be equivalent to 85p a pound... Cod price 'panic' criticised...

Peru fish catch down

By Our Commodities Staff

THIS YEAR'S fish catch for Peru... Peru fish catch down...

Bumper years for potato men

By Christopher Parkes

BRITISH farmers made spectacularly high profits in 1977... Bumper years for potato men...

COMMODITY MARKET REPORTS AND PRICES

Table with multiple columns: BASE METALS, COFFEE, SOYABEAN MEAL, SUGAR, WHEAT, RICE, etc. Includes prices and changes.

Second European Commodity Conference November 7, 8 & 9 - Paris Sheraton. With the participation of the Chairman of the Chicago Board of Trade...

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COFFEE LONDON DAILY PRICE - Raw sugar... Includes prices for various coffee grades.

WHEAT HARLEY... Includes prices for various wheat grades.

COCOA... Includes prices for various cocoa grades.

PRICE CHANGES U.S. Markets Precious metals decline... Includes price changes for various metals.

WHEAT HARLEY... Includes prices for various wheat grades.

WHEAT HARLEY... Includes prices for various wheat grades.

WHEAT HARLEY... Includes prices for various wheat grades.

AUTHORISED UNIT TRUSTS

Table of authorised unit trusts including Abbey Unit Trst. Mgrs. Ltd., Brown Shipley & Co. Ltd., Guardian Royal Ex. Unit Mgrs. Ltd., and others.

OFFSHORE AND OVERSEAS FUNDS

Table of offshore and overseas funds including Arbuthnot Securities (C.I.) Limited, Fidelity Mgmt. & Res. (Gda.) Ltd., and others.

BASE LENDING RATES

Table of base lending rates for various banks including A.B.N. Bank, Allied Irish Banks Ltd., and others.

LEADERS AND LAGGARDS

Table showing percentage changes for various sectors like Industrial Group, Packaging and Paper, and others.

INSURANCE, PROPERTY, BONDS

Large table of insurance, property, and bond offerings including Abbey Life Assurance Co. Ltd., Equity & Law Life Ass. Soc. Ltd., and others.

LEADERS AND LAGGARDS

Table showing percentage changes for various sectors like Industrial Group, Packaging and Paper, and others.

CLIVE INVESTMENTS LIMITED advertisement with contact information and investment details.

INSURANCE BASE RATES advertisement listing various insurance products and rates.

Tories plan to heal party rift on unions

BY CHRISTIAN TYLER, LABOUR EDITOR

A MAJOR policy initiative on industrial relations is being prepared by Conservative Party leaders in an attempt to heal the rift in the party and prevent an open split at next week's conference at Blackpool.

It is likely to take the form of a policy document uniting the "doves," led by Mr. James Prior, Shadow Employment Secretary, and the "hawks," led by Sir Keith Joseph, chief policy adviser.

The two have been involved in a potentially damaging "difference of emphasis" in recent weeks over the Grunwick affair and the closed shop.

Party leaders have decided that a hard-line policy towards the trade unions might destroy their election chances and put the party in the wilderness for years.

The view from constituency workers is that the vote of the rank-and-file trade union members must not be put in jeopardy.

Right-wingers will be asked next week in effect to swallow some of their anger about trade union power in the interests of securing the bigger prize of perhaps a decade in office.

For both major parties

... victory at the next election is more than usually vital because of the promise of economic prosperity through the 1980s and beyond, due to North Sea oil.

The Conservatives may also sense that this week's Labour Party conference in Brighton has repaired Labour's own sense of unity and given the Government new confidence.

The low-key industrial relations strategy of Mr. Prior has been endorsed by Mrs. Margaret Thatcher, though so far not with great conviction.

But Mr. Prior is expected to have every support when he outlines a strategy of bridge-building with the trade unions on Tuesday.

He is speaking in a debate on the closed shop, the emotive issue that stands as a symbol of the party's attitude toward the unions generally.

Voluntary choice

The official line on the closed shop was spelled out at last year's party conference, when delegates reluctantly accepted that the Tories would not outlaw it.

But the Grunwick union recognition dispute and Sir Keith's

... comments on the Scarman Court of Inquiry have revived the debate on recognition and the closed shop, so that the work will have to be done all over again.

Mr. Prior will tell the conference that what the party sees as abuses of union power in the closed shop must be dealt with. But first they will try a voluntary code of practice, the outline of which has just been published.

Legislation to protect individuals affected by the closed shop will be only a last resort.

There is no intention even then to reintroduce a statutory right for people not to belong to a trade union, as the Right wing of the party is demanding. It was this that lay at the heart of the 1971 Industrial Relations Act provisions on union membership.

The feeling is that TUC leaders will go along with such a code of practice, but might sever relations with a future Conservative Government if there were legislative action against the principle of the closed shop.

Conservatives badly need to win the vote of trade unionists. Tory Central Office says there may be as many as 5m. Conservative supporters among them.

Mr. P. Benton likely to take top P.O. post

BY JOHN LLOYD, INDUSTRIAL STAFF

THE NEW managing director of telecommunications for the Post Office is expected to be Mr. Peter Benton, at present director of Gallaher, the tobacco manufacturers. A formal announcement from the Department of Industry is expected in the next week.

The job entails overseeing an investment programme at present estimated at more than £200m. per year. Post Office telecommunications is now the largest service in Europe.

Mr. Benton is at present on a motor holiday in France. Until two months ago, he was managing director of the Saunders Valve group, since 1971 a wholly-owned subsidiary of Gallaher. Since then, he has been a non-executive director.

The expected announcement will bring to a close an embarrassing long hiatus between the resignations of Sir Edward Penney, the former telecommunications head, in July, and the new appointment.

Difficult

Mr. Kenneth Cadbury, the deputy director of telecommunications, under Sir Edward, has held the post in an acting capacity.

The post of Board member for finance, which is still unfilled, has been vacant even longer. Mr. M. Elderfield retired as a full-time member for finance at the end of last year, though he carried on in a part-time capacity until March 1977.

Neither the Post Office nor the Department of Industry, its sponsoring department, have made any secret of the fact that they think it is difficult to attract a sufficiently experienced executive at the salaries which they must offer.

The top of the scale for a Post Office Board member (beneath the chairman) is £17,600.

At the same time, the responsibilities of the managing director of telecommunications are considerable.

Besides the investment programme, he is responsible for a staff of about 230,000, and exercises a decisive effect on the output of the British telecommunications manufacturers.

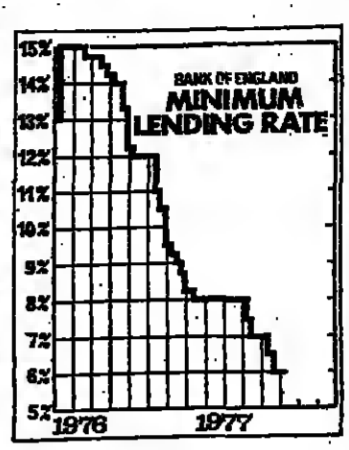
The new managing director will take over more or less at the same time as Sir William Barlow takes up the reins from Sir William Reilly, who retires as chairman on November 1.

Sir William is also an engineer. His previous job was chairman and managing director of Ransome Hoitmann Pollard, the ball-bearing manufacturers.

Year of extremes in money rates

THE LEX COLUMN

Index rose 4.0 to 516.8



A year ago to-morrow, the Bank of England raised Minimum Lending Rate to the unprecedented level of 15 per cent.

— and it looks as though the anniversary will be marked by a half-point fall in its rate to 14 per cent. In its eagerly awaited signal to the money market yesterday the Bank merely called for "moderation," a plea which twice last month foreshadowed a half-point cut. Market rates for Treasury bills quickly moved to just under 5 per cent, as required under the formula when 5 per cent M.L.R. is to be indicated, and talk immediately began of the possibility of another half-point drop next week.

This extraordinary change in the level of short term interest rates during the past 12 months illustrates dramatically how money rates have had to bear the strain of highly erratic policies. The sudden attempt by the authorities to get control of the money supply last autumn required a sharp rise in long term interest rates. But it was never clear why short rates had to rise to such stratospheric levels—12 or 13 per cent, might have been enough—and stay there for several months. Once the belt-and-braces policy was eased, M.L.R. fell steadily during the spring to stabilise for nearly three months at the moderate level of 8 per cent.

By August, however, the short term money markets were entering a new phase. Huge currency inflows averaging something like \$1.5bn. a month have been swelling the sterling markets, and while most of the excess money has been successfully mopped up by gilt-edged sales, in a slack economy interest rates have been driven down. The fall has suited the Bank of England, which has been struggling to prevent an appreciation of the sterling, exchange rate, and U.K. Treasury bills now yield nearly a point less than the U.S. equivalent.

P & O

As a snap reaction the stock market pushed P. & O.'s shares up 5p yesterday on the basis of what appeared to be excellent interim results, with profits which "as presented" seemed to show a gain of almost 40 per cent. at the operating level. But the excitement disappeared on a more careful reading of the inter-

profits in the second half market now seems to be an pre-tax profit for the year excluding the prior year total about £39m., which the shares on a prospective taxed p/e of 10.5. And the average yield of 7.25 per cent reflects the mixed picture.

Polish Armada

British Shipbuilders deal with the Polish Shipping Co. has touched a nerve among U.K. shipbuilders. Until the full financial year are available later this year, however, they are keeping powder dry.

Everyone accepts that shipyards in common with European yards, are uncompetitive. The Japanese could have built the Polish fleet for £20m. and the current market value is less than £20m. That is why the Government has had to subsidise the intervention fund. It would be the same for U.K. shipyards. That is not the problem.

What worries U.K. owners, aside from the fact that the Polish ships will be trading in a market where it is already a huge amount of plus capacity, is that the Polish appear to have secured 100 per cent financing for their vessels. Normally a U.K. shipyard would take the standard 70 per cent credit of 70 per cent contract price and find the remaining 30 per cent from own resources. As the ship would take a full mortgage, the ship, an owner would have to look to other forms of security if it was contemplated that the 30 per cent with the bank.

The U.K. Government is stressing that the Polish is above board and does not contravene the OECD rules. It is only advancing 70 per cent of the funds directly. But by tying up a joint venture with Poles to own the vessels, British Shipbuilders has solved the problem of the remaining 30 per cent since the joint venture will be able to raise the bank finance (margin 15 to 15 years). In the past, ever joint ventures with shipbuilders have had a chequered history—remember Swan time?—and U.K. shipyards will take a lot of comfort that this present policy is not an artificial dodge to pull the cover their eyes.

Western nations back Carter plan to avoid energy crisis

BY ROBERT MAUTHNER

PARIS, Oct. 5.

THE vital role which the U.S. must play in any joint efforts to stave off a serious energy crisis in the mid-1980s was stressed by all ministers at a meeting of the 19-nation International Energy Agency, which began here today.

The emphasis put on the U.S. contribution to international measures to cut down oil imports was clearly intended as a signal to the U.S. Congress that the Agency, grouping most of the Western world's industrial nations except France, fully backed President Carter's energy-saving plan.

Herr Guido Brunner, the Common Market's Energy Commissioner, summed up the unanimous view of ministers that U.S. demand for oil imports would have a major impact on the world oil market and hence on the international political situation.

"The degree of success of the U.S. in achieving the Carter objective for oil imports will be of the highest significance not only to the U.S., but to the rest of the oil-importing world," he said.

The ministers, who were presented with alarming IEA forecasts on the imbalance between world oil demand and supply by the middle of the next decade, failing energetic steps to reduce demand, are expected to adopt a group target for their combined oil imports in 1985 of 26m. barrels a day.

This compares with current IEA imports of 22m. barrels a day, representing an increase between 1972 and 1978 of 50 per cent for the U.S. and an average of 5 per cent for Europe. Projected demand for OPEC oil in 1985 from IEA members, falling to new policies, is about 32m. barrels a day, and OPEC oil by 1985 is expected to total 42m. barrels a day and 54m. barrels a day.

Both Mr. Alastair Gillespie, Canadian Minister of Energy and chairman of the meeting, and Dr. Ulf Linde, executive director of the IEA, warned that the present "glut" of oil in the world was highly deceptive.

"We must not allow any temporary easing of crude oil supplies due to increasing production from the North Sea, Alaska and Mexico to lull us into a false sense of security," Mr. Gillespie said. "The new reserves would add only a few years to the world's supplies at current levels of consumption."

Even the collective target for 1985 would not remain valid for very long. By 1980 the Western world's requirements could exceed available supplies by at least 6m. barrels a day.

Mr. Anthony Wedgwood Benn, Secretary of State for Energy, told journalists that the British Government fully subscribed to the group oil imports target and the set of principles which will be adopted at the end of the meeting.

But he issued a warning against treating all the forecasts which had been made about the world energy situation as gospel.

Many had proved to be wrong. Caution was therefore required in basing national policies on such forecasts, since capital investments totalling many millions of pounds, were at stake.

Mr. Benn said that international talks on energy should be opened up to include all interested countries. It made little sense to talk about the energy needs and production of countries like the Soviet Union and China without their participation.

Apart from setting a group oil import target, the ministers are also due to-morrow to adopt a set of principles, already known as "the 12 commandments," in which their national energy policies will be based. They are expected to cover oil and natural gas pricing policies.

U.K. rejects more cheap fares plea by airlines

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE U.K. Civil Aviation Authority has rejected requests for cheap fares by airlines from the Americas, Europe, Africa and the Middle East.

The request stemmed from the strong public interest in these cheap Stand-by fares, at £148 single, London-New York (or £148 return), introduced two weeks ago. They sold so well that British Airways was obliged to turn passengers away.

The CAA's response has been to issue a "dissatisfaction notice," which effectively blocks the two airlines' plans on the grounds that it is too early to assess the market accurately.

But the airlines, which are entitled to 700 Stand-by seats a week from London to New York, have not applied for an "extra ratification" to give the U.S. airlines the extra seats would put British Airways at a competitive disadvantage.

The allocations of cheap Stand-by fares were originally set for worked out by six airlines—BA, Pan Am, TWA, Air-India, Iran and El Al of Israel—under the auspices of the International Air Transport Association in Paris. The airlines, between them, would offer 2,900 Stand-by seats a week from London to New York 700 each for BA, Pan Am and TWA, and 250 for Air-India, 250 for Iran Air and 200 by El Al. They each offer the same number of seats from New York to London.

All the airlines have reported early successes with the cheap fares, the scheduled airlines quickly running out of their London to Laker reporting good loads in both directions on Skytrain.

The CAA thinks too many cheap seats too soon could divert traffic that might otherwise fly at higher rates. A glut of Stand-by seats, he said, would be a "consumer" but financially disastrous to the airlines. The CAA's policy is to wait a little longer to be sure that a genuine market exists.

This is why it has expressed "dissatisfaction" with the Pan Am and TWA request. The allocations of cheap Stand-by fares were originally set for worked out by six airlines—BA, Pan Am, TWA, Air-India, Iran and El Al of Israel—under the auspices of the International Air Transport Association in Paris. The airlines, between them, would offer 2,900 Stand-by seats a week from London to New York 700 each for BA, Pan Am and TWA, and 250 for Air-India, 250 for Iran Air and 200 by El Al. They each offer the same number of seats from New York to London.

Imps cuts back on substitutes

BY JOHN LLOYD, INDUSTRIAL STAFF

THE FIRST casualties, arising from the failure of cigarettes containing tobacco substitutes became apparent yesterday when Imperial Tobacco announced that it was withdrawing its NSM (new smoking material) tobacco substitute to "the minimum practical level."

Rothman and Gallaher, the other manufacturers of cigarettes containing tobacco substitutes, have also cut back production of their brands.

Imperial will lay off 50 of the 100-strong workforce at Ardeer in Ayrshire, where NSM, developed jointly with ICI, is manufactured. It is the only company making its own substitute. Gallaher and Rothman both import Cytrel the substitute used from Celanese Corporation in the U.S.

In a statement to the work-

... force, Mr. L. T. Rome, director of the Ardeer plant, laid much of the blame on the Health Education Council, which had "confused the smoking public and seriously damaged confidence in a widely-respected, first-class and innovative British product."

Cigarettes containing tobacco substitutes have flopped badly since they were marketed earlier this year. The 12 brands put out by Gallaher, Imperial and Rothman have managed to capture only about 2 per cent of cigarette sales, compared with a target of between 5 per cent and 6 per cent.

Yesterday, Mr. Rome said that there had been "a demand for NSM far below the predicted level." Consideration of alternative brands and current levels of stock show that nothing more than minimal production is likely to be required during 1978.

However, Mr. Rome's chief complaint was that the Council's research was being inconsistent. It had supported the company's research to NSM and taken the advice of the Hunter committee, which advised that cigarettes containing NSM could be launched, and then it had allowed the Health Education Council, which it finances, to run an advertising campaign against tobacco substitutes.

Mr. Alastair Mackie, director general of the Health Education Council, said that he was flattered by Mr. Rome's remarks, while at the same time regretting that 50 workers were losing their jobs. But it was the fault of the Council, he said. It had run an advertising campaign for a few weeks, costing £100,000,

Continued from Page 1

Mid-East initiative

agreement between Mr. Dayan and President Carter.

"Those who thought we had reached the end of the road have been proved wrong," one Israeli official said yesterday. "New ideas have resulted from the meeting between Dayan and the Americans."

The Foreign Ministry pronounced the Government's satisfaction that UN resolutions 242 and 338 remained the basis for Geneva. It said that Israel was also pleased that the Americans did not insist that the joint statement be a prerequisite.

But the damage caused to Israel's position by the joint U.S.-Soviet statement remained. In particular, the Ministry opposed the declaration on the legitimate rights of the Palestinians.

The American-Israeli announcement caused confusion in Arab political circles, still interpreting the U.S.-Soviet statement. There was, however, a consensus that the U.S. was backing down from positions taken then.

In the only official Arab statement, Mr. Mahmud Labadi, the Palestine Liberation Organisation spokesman in Beirut, said that President Carter was "contradicting his own points" in the U.S.-Soviet declaration.

Yesterday, Mr. Husni Mubarak, Egypt's Vice-President, arrived in Baghdad from Tehran as part of a tour of seven Middle Eastern nations.

Expenditure tax 'would be feasible'

BY ANTHONY HARRIS

EXECUTIVES to accumulate capital assets, as well as his income. From this he would deduct tax already paid, gifts and loans made by him, and additions to his holdings of registered assets. The difference would be his taxable expenditure, which would be taxed at a progressive rate.

The basic result would be that a high earner paying benefits out of income would pay far less tax than at present, but wealthy people spending capital would pay far more.

The Meade Committee proposes a progressive accessions tax on the recipient. The committee's proposal is based partly on the age of the recipient so that the younger he is, the more tax he pays. This would be to ensure that the main benefits of this regime would be restricted to the person earning the high income: the burden of income-tax would thus be deferred, as it were, for a lifetime rather than abolished.

The draft report of the Meade Committee, circulated last year mainly to technical experts, claims that such a tax regime would have a number of important economic advantages, both in terms of efficiency and of distributive justice.

A tax which abolished the distinction between capital and income would encourage the investment of savings in the most productive way available, in favour of capital gains. It would greatly increase incentive for new talent, while reducing the benefits of inherited wealth, and the accessions tax would encourage the breaking-up of large fortunes.

An expenditure tax regime would also mean that a high earner could defer his tax liability by saving a powerful advantage for inventors, authors, and others, such as entertainers, and sports stars (as well as North Sea divers) who could expect to command very large rewards for a short period.

Among the more incidental advantages, an effective tax on all net disposals would remove the distortions in portfolio management caused by capital gains tax, and reduce the incentive to invest through financial intermediaries—a point which is receiving some attention from the Wilson Committee.

Provided hands for a progressive expenditure tax were adjusted to allow for changes in the value of money, there would be no need for any other form of indexation of capital values.

The top end expenditure tax is only one of a number of radical proposals being studied by the Meade Committee. A majority of its members would probably favour an expenditure regime to cover all taxpayers, but the Inland Revenue regards this—broader-based—tax as administratively impracticable.

Some of the other proposals which appeared in the first Meade draft—the annual tax on owner-occupied houses, the form of the accessions tax, and the proposal that charities and pension funds should no longer be exempt from income tax on their investments—were highly controversial, and would probably be regarded as politically unacceptable.

Weather

UK TO-DAY

SHOWERS everywhere. Bright intervals likely. Rather cold. London, S.E. England, E. Anglia, E. Midlands, Channel Islands. Dry at first; showers developing. Max. 14C (57F).

Cent. S.-S.W., N.W., Cent. N., England, W. Midlands, Wales. Cloudy, scattered showers, bright intervals. Max. 13-14C (55-57F).

E., N.E. England and longer periods of rain. Max. 12-14C (54-57F).

Lakes, Isle of Man, S.W. Scotland, Glasgow, Argyll, N. Ireland. Cloudy, scattered showers, but also bright intervals. Dundee, Borders, Edinburgh, Aberdeen, Cent. Highlands, Moray Firth area, N.E., N.W. Scotland. Cloudy, showers or longer periods of rain.

Outlook: Sunny intervals and showers. Local night frost.

BUSINESS CENTRES

City	Y'day	Mid-day	Y'day
Amsterdam	F 11.30	Luxembourg	C 11.30
Antwerp	S 20.80	Madrid	S 11.30
Bahrain	S 25.00	Moscow	S 13.20
Barcelona	S 24.70	Nairobi	S 16.00
Bombay	F 14.00	Paris	S 16.00
Buenos Aires	F 11.00	Rome	S 16.00
Calcutta	F 11.00	Singapore	S 16.00
Canton	F 11.00	Tokyo	S 16.00
Cebu	F 11.00	Yokohama	S 16.00
Colon	F 11.00		
Hankow	F 11.00		
Hong Kong	F 11.00		
Kobe	F 11.00		
London	F 11.00		
Lyons	F 11.00		
Manila	F 11.00		
Medan	F 11.00		
Osaka	F 11.00		
Shanghai	F 11.00		
Singapore	F 11.00		
Taipei	F 11.00		
Tokyo	F 11.00		
Yokohama	F 11.00		

HOLIDAY RESORTS

City	S	M	Tu	W	Th	F	Sa	Su
Algeria	S	25	26	27	28	29	30	31
Alexandria	S	25	26	27	28	29	30	31
Amman	S	25	26	27	28	29	30	31
Baghdad	S	25	26	27	28	29	30	31
Bangkok	S	25	26	27	28	29	30	31
Bombay	S	25	26	27	28	29	30	31
Buenos Aires	S	25	26	27	28	29	30	31
Cairo	S	25	26	27	28	29	30	31
Calcutta	S	25	26	27	28	29	30	31
Canton	S	25	26	27	28	29	30	31
Cebu	S	25	26	27	28	29	30	31
Colon	S	25	26	27	28	29	30	31
Hankow	S	25	26	27	28	29	30	31
Hong Kong	S	25	26	27	28	29	30	31
Kobe	S	25	26	27	28	29	30	31
London	S	25	26	27	28	29	30	31
Lyons	S	25	26	27	28	29	30	31
Manila	S	25	26	27	28	29	30	31
Medan	S	25	26	27	28	29	30	31
Osaka	S	25	26	27	28	29	30	31
Shanghai	S	25	26	27	28	29	30	31
Singapore	S	25	26	27	28	29	30	31
Taipei	S	25	26	27	28	29	30	31
Tokyo	S	25	26	27	28	29	30	31
Yokohama	S	25	26	27	28	29	30	31

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Ogders and Co. are Management Consultants specialising in Executive Recruitment. We are extending our contacts with young executives of outstanding ability and ambition in the field of finance.

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As a first step, please write to Ian H.D. Ogders, Managing Director, giving a brief summary of your experience, qualifications, age and salary. Alternatively, write asking for more information about Ogders and Co., at our new address, 1, Old Bond Street, London W.1.

Any approach will be treated in the very strictest confidence.

Ogders

MANAGEMENT CONSULTANTS

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